648, 665, 642, 433

Hungary EC1

[For the economic and political position of Hungary under Soviet control, see 85: Zinner, R1 Soviet Union, Category 116, Pp. 157B-163B.]

113, 439, 648 Hungary EC1

[For a discussion of the nature, scope and probable future trends (up to 1970) of Soviet economic relations with the East European satellites since World War II, and the degree of inter-satellite economic integration, see 60: Bergson, R1 Soviet Union, category 116, pp. 321-355]

186 regained the territories formerly belonging to her, but the Paris Treaty concluding World War II re-established the pre-war status quo. The result was that the anti-Czech, -Serbian, and -Rumanian spirit was still alive in 1945 and the years immediately following. The Communist regime, established in 1948, has done everything to minimize frictions and to glorify Hungary and her neighbors as a happy family laboring together to build Socialism. Even at the time of the Kominform's break with Tito, the Budapest government refused to make use of old Irredentistic clichés. It is safe to assume that Irredentism is still present among the Magyars and it will take another generation at least until it will even begin to disappear. Meanwhile, any political regime could turn this attitude to its own advantage; but the fact remains that public opinion and the policies of the government are definitely conflicting on this issue.

648 Modern history has so far proved, on the other hand, that clever propaganda or even the sheer force of circumstance can convert these "hereditary enemies" into allies or friends, or the other way around. Thus, the Hungarians became allies of the Germans during two world wars, in spite of the clear teaching of history that Hungary's most dangerous enemy is to the east. [sic!]

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Furthermore, the Hungarian people have no reason whatsoever for being friendly with their latest neighbors, the Russians. The Russians were instrumental in the defeat of the Magyar's War of Freedom in 1848, and Russian troops opposed the Hungarian soldiers in both world wars. One of the major setbacks of the Communist penetration into Hungary has been the latter's Muscovite orientation. Trends now toward a Hungarian "national Communism" are traceable in the public life of this nation.

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The present leaders of the country seem to aspire to the integration of Hungary into the Soviet orbit. Little if any deviation can be observed from the international Communist line and, in this regard, the aims and means of the Hungarian government differ little from the other so-called satellite countries. Their avowed aim is the realization of the ideal Communistic society, toward which the present regime, the People's Democracy, is but a step. This aim, of course, fits into the world revolutionary pattern propagated more or less openly by the Bolshevik regime in Russia, which is also often conceived as a simple "old-fashioned" Panslavic imperialism. The only perhaps debatable question in this respect is whether there are aspirations in Hungarian government circles toward an independent nation-

2:Paloczy-Horvath H-3 (no date)1944 EC1 Hungary EC1

[Introduction]

ian history in laying bare the roots of the catastrophe which overtook the country in 1918, and which, in almost identical form, has overwhelmed her again. Freeing history of its romantic trappings, the author reveals the real cause of these tragic events in the German orientation of Hungary's foreign policy and in the semi-feudal structure of her society. These two factors were, indeed, indissolubly linked. For without the help of the Germans it would have been impossible for Hungary's lords to maintain their anachronistic rule in modern times. No deeper insight into the natural history of the Hungarian oligarchy is possible.

The German connection is, of course, almost as old as Hungary herself. Ever since St. Stephen's time she has sought and found in the German world a welcome addition, if not a counter-weight, to the masses of her partly Slavonic subjects. This fact, as well as the frequent settlement of Germans in Hungary, served, in our epoch, as the stepping-stones of German power policy in that country.

After 1526, the contact became closer with the appearance of the Habsburgs on the Hungarian political scene. The otherwise risky method of marriage paid the Habsburgs well. However, for another 150 years the Turks disputed the new acquisition by occupying the greater part of Hungary, and making Transylvania tributary to themselves.

Hungary was now engaged in a fight on two fronts, against the Turks and the Habsburgs. Such a situation lent itself to much contradictory adulation on the part of later historians. While Hungary's struggle against the Turks was presented as a crusade in defence of Christian civilisation, her intermittent fights against the Habsburgs were similarly idealised, although they happened to be fought in military alliance with the self-same Turks, against whom at other times the alleged crusade was being waged. Dr. Goebbels was not the only propagandist who trod on his own toes.

Actually, victories over the Habsburgs were victories for feudalism. Three times Hungary made a solemn compact with the Habsburg dynasty, and on each occasion the big landowners gained some special privilege in exchange for the concessions made to the throne. In 1687, the Crown of St, Stephen was declared to be hereditary in the male line of the Habsburgs; the same Diet did not fail to enact the privilege of *fidei commissa* in favour of the Magyar peers of the realm. In 1723, the succession was extended to the female line; simultaneously, the right of entail was extended to the rest of the aristocracy. After 1867, when the famous "Compromise" drew the bonds between Hun-

668 denounced the Karolyi Government to the foreign Allied missions
423 in Budapest as Bolshevik. In this way they achieved two results. Result number one was that the Allied missions turned against the man who was loyal to the idea of peace all through the war, who was against Germany all through the war. The Allied missions and Governments allowed the Rumanian, Czech and Serb forces —even after the armistice was signed—considerably to extend their occupation of purely Hungarian territories. Result number two was that in default of Allied aid the Károlyi Government was defeated by the Communists. The great lords, all the aristocrats, were very happy the day Communism was proclaimed in Hungary. They feared that the Allies might discover that Károlyi's Government was democratic, that they would help Károlyi, and that democracy would then be established in Hungary. If there were real, out-and-out Communists ruling Hungary—so the lords hoped—it would be easier to get help from the Allies against the Communists, who would be beaten. Then they could return and get back their land. The calculations of these lords, led by Count Stephen Bethlen, were right.

CHAPTER X

728 In 1919 the Károlyi Government went to pieces because of
●648 the blind stubbornness of the French commander at Belgrade,
669 Franchet D'Esperay, who snubbed and humiliated the Hungarian Government—which had, after all, overthrown the war-time administration and was democratic and anti-German. At last the Károlyi Government's position became impossible. Some of the great lords, who had influence over Franchet D'Esperay, saw with pleasure that the people's Hungary—the Hungary of Károlyi and of the Communists—was left by this extreme reactionary French general to the mercies of her neighbours. They knew that the people's Hungary would in this way be defeated. The "Red" scare of the Allies was exploited by all our enemies.

On March 20th 1919, a French lieut.-colonel, a certain Vyx, handed the Károlyi Government a new order of the Allies demanding that Hungary should accept a fresh line of demarcation. Some month previously Hungary had already signed an armistice with the Allies in Belgrade. This was severe enough, cutting deeply into territories inhabited by Hungarians. Now the Allies—determined to make "Red" Hungary as small as possible—presented a new demand in the form of a fresh line of demarcation

2:Paloczy-Horvath H-3 (no date)1944 EC1 Hungary EC1

728 which would have given our neighbours a further two million
●648 Hungarians. The Károlyi Government wanted to hold a
669 plebiscite. They wanted to ask us "What do we want? To give in to this outrage or fight on?" The Allies did not give Károlyi time for this. They demanded an answer by next day.

Károlyi did not want to take the responsibility, and he resigned. We think he was right. You see, in our eyes he represented the Western democracies and the principles of Wilson. We knew that during the four years of war he was on the side of the British, the French and the Americans. We knew that he was always anti-German and for a separate peace. Well, we thought, if the Allies treat this man like dirt, then there is nothing to hope for from the Western democracies; our only hope is Soviet Russia.

Already the Communists were very active. A great part of the Socialist Party went over to them. The country needed a united army. The Communists were able to organise it. Károlyi trusted the West. He failed. We did not blame him, but it was only right that he should take the consequences of his pro-Western policy. *We wanted now to try the ways of the East.*

The Hungarian Soviet Republic was born on March 21st 1919, thanks to the Vyx ultimatum. The president of the Hungarian Soviet Council said on that day:

"The Entente-Imperialism used democracy and the self-determination of peoples as its flag, but now, when all these principles could be realised, other ways are chosen. . . . The whole world must see that in these new territories all the food supplies will be in the power of the Entente and hundreds of thousands more refugees will flood Hungary. . . . We were convinced that the Entente wanted to conclude a just peace. But the Vyx ultimatum makes our conviction ridiculous. . . . We cannot expect anything from the West but a dictated peace. The new policy means that we want to get what we want from the East instead of the West: justice. . . . If we are to sum up impartially, we must say that everything which is happening now is doing so because the Entente forced this development."

Two days later, when Béla Kún, president of the Hungarian Soviets, broadcast a declaration to the proletariat of the world, he said:

"The ultimatum of the Entente aimed at handing over Hungary at once to the Rumanian oligarchy. The Hungarian people answered this ultimatum by the creation of the dictatorship of the proletariat."

The Hungarian red armies fought against heavy odds. Franchet D'Esperay, the French General who had collaborated with the

728 669 648 counter-revolutionary government in Szeged, did everything he could to starve out Hungary. Food trains were stopped. The Czechs fought the red army in the north. They came quite near to Budapest and then were driven back.

Meanwhile the French right wing helped to crush democracy after the real danger, Prussian and Habsburg Imperialism, was beaten.

When Bolshevism broke out in Hungary, Benes of the Czechs, in his articles in the *Matin* and *Times*, and in his representations to the Supreme Council, supplemented the argument previously put forward by the plea that "the interest of Europe demanded that the northern part of Hungary should be given to the Czechs".

The Communist Government had to organise a red army speedily to defend Hungarian territories. Once again the world was able to watch the not very unique spectacle of "nationalist" lords, white officers, helping the enemy (Rumanian) armies which were attacking their own country. The Hungarian red army fought the Czechs and the Rumanians. *White officers sent by the counter-revolutionary government directed the Rumanian guns against Hungarians defending their territory.*

669 423 The Communist Government of Béla Kun had no time to carry through the land reform either. They declared all land exceeding a hundred acres State property without compensation. The small and medium holdings with farm or house were to remain untouched. The expropriated land the Communists wanted to turn into co-operatives, into *kolkhozes*. In most cases the expropriated landlords were asked for the time being to administer their own properties. Thus they had the nice job of guarding them for themselves.

669 648 In the summer of 1919 the Rumanians resumed their advance and occupied Budapest. G. D. H. Cole writes:

> "In November the Rumanians withdrew from Budapest after doing a great deal of damage, and took with them in their withdrawal as much of the movable property and instruments of production of the Hungarians as they were able to lay hands upon. . . ."

It was curious to watch how our lords behaved towards the Rumanians. When the Károlyi Government wanted to establish peaceful relations with all Hungary's neighbours, they started wild anti-Rumanian propaganda to make Károlyi's work more difficult. When it turned out that Károlyi really meant to distribute the land, and during the Communist regime, they suddenly discovered the solidarity of interest between Rumania

and Hungary. *At this time the Hungarian red army was defending Hungary against the Rumanians.* Our lords informed the Allied commanders that they thought it was in the interests of the country for Rumania to occupy Hungary. 669 648

The minute the Rumanians occupied Budapest all the counts, bankers and landowners returned to the capital and started to prepare the way for the counter-revolution. The white army of Admiral Horthy was waiting impatiently in the South Hungarian city of Szeged.

The diplomatic representative and commissioner of the Entente was a certain Sir George Clerk. Sir George at first negotiated with democratic politicians too, but later got to know our polite, charming and well-mannered counts. Eventually, a coalition government was formed which was sure to sign the peace treaty and give way to an out-and-out reactionary régime. After this, it was arranged that the Rumanian armies should leave Hungary.

Then the white troops of the counter-revolution entered the country of our lords, or what was left of it. The feudal lords came back with all their gendarmes and police spies. 669 648

We have told you pretty bad things about ourselves. You must not take it to heart if we tell you that *the Western Democracies thus helped back to power that very same reactionary and anti-democratic régime against which they said they were fighting.* 728

Your slogan was to make the world safe for democracy. As far as we are concerned YOU MADE HUNGARY SAFE FOR FEUDALISM.

You know, we do not generally use big and learned words about ourselves. If anything, we are realists. We either have the land or we have not. We are either beaten by the gendarmes or not. Our children either die of tuberculosis and starvation or not. You must not blame us, please, if we doubted for some time the sincerity of the great Western democracies. But facts—facts felt bitterly and directly by us—yes, these facts seemed to show that you were on the side of counter-revolution and feudalism.

Then President Wilson and others said that you were fighting for the self-determination of nations. What did we see? By the peace treaty of Trianon you put four million of us—without any plebiscite—in foreign territories. (Some people do not agree as to the numbers. But we have never heard from any authoritative British, American or French source a lower figure than 3,300,000 Hungarians placed under Rumanian, Czech and Serb rule.)

You said that you disliked composite states such as the Habsburg

669 Empire. Austria was cut to pieces because "a single state tyran
728 nising over a number of nations could not be tolerated in Europe".
But facts seemed to show that you created three Austrias in
648 the place of one; a Czechoslovakia of Czechs, Slovaks, Poles, Magyars, Germans and Ruthenians; a Rumania of Rumanians, Magyars, Germans, Serbs, Bulgarians, Turks, Tartars and Gipsies; a Yugoslavia of Serbs, Magyars, Bosnians, Croats, Slovenes, Turks, Montenegrins, Vends, Rumanians, Albanians, Italians and Macedonian Greeks.

669 Well, the counter-revolutionaries of Szeged, all the big feudal
661 lords and the white army, with beautiful white feathers in their caps, came to small, dismembered Hungary. The white terror began. Whereas during the revolutionary period, after the four years of slaughtering, less than a thousand people were killed, during the law-and-order period of the counter-revolution several thousands of us were tortured to death, Jewish men and women were tortured and killed, everyone who had a part in the revolutions was imprisoned or shot—mostly the latter—and those Socialist leaders who could not be accused of anything were just assassinated.

300 We know that the British *people* were revolted by the white terror of the country of our lords. In protest against the massacre of our leaders, the Labour and Socialist International attempted in June 1920 to organise an international boycott of Hungary. They did not succeed.

Too many people, all over the world, detest the word "revolution". *We dislike the counter-revolutionaries.* In our history the revolutionaries like Dózsa and his people defended Hungary, and the counter-revolutionaries who tortured him to death sold the country to the Turks. The *Kuruc* of Rákóczi were the revolutionaries, and the big lords who betrayed the country to the Habsburgs were the counter-revolutionaries.

Petöfi and Kossuth were fighting for Hungarian independence. They were revolutionaries. The Habsburg-collaborationist lords were the counter-revolutionaries.

Jesus was a revolutionary. Caiaphas and Pilate were the counter-revolutionaries.

Those who are on the side of the Hungarian people, who want to fight for our health and happiness, cannot have anything to do with the present régime, which has as "moral capital" the counter-revolution of Szeged and the white terror. These gentlemen who protest so much about their nationalism are suitable partners of Hitler and Mussolini, those two counter-revolutionary

2:Paloczy-Horvath H-3 (no date)1944 EC1 Hungary EC1

to call all sorts of workers "comrades". Our lords judged the revolutionaries chiefly by their appearance and smell. They also accused them of clumsiness: that they did not serve the interests of the country well, by drawing up the terrible Trianon peace treaty.

Is it necessary to point out that the war of 1914–18 was not started by the revolutionaries? The want and privation in Hungary were not caused by the revolution, but by the lost war. The whole continent suffered because after four years of mass-slaughter it took nearly two years before the supply of food in Europe could be organised.

For Trianon, for dismembering Hungary, not we but the counter-revolutionaries are responsible. Between 1908 and 1914 it was the counter-revolution that hindered the formation of the people's system of representation. This system would perhaps have prevented our entering the First Great War. After the lost war the counter-revolution, in its fear of land reform and blind hatred of the people, associated itself with the reactionary French general and the Rumanians to defeat the Hungarian Republic, and did not care that the price was the further dismembering of the country. Then for a period of twenty years this same dismemberment was exploited by them to keep awake a blind chauvinism, to distract our attention from our appalling social conditions by pointing at our neighbours and saying, "You would have land, you would have a better life, if they had not taken away large pieces of our territory."

CHAPTER XI

On March 1st the National Assembly—elected in a White Terror atmosphere—made the Commander-in-Chief of the counter-revolutionary troops, the former Habsburg Admiral Nicholas Horthy, Regent of Hungary. Act 1 of 1920 "decreed the suspension of royal power and established a regency for a transitional period while maintaining the institution of a kingdom". From this time onward the world press often made fun of the kingless kingdom ruled over by an Admiral without a fleet.

This counter-revolutionary régime nevertheless had the same difficulties with the Entente as the Communists had had. The Paris Supreme Council sent an ultimatum demanding the signing of the proposed peace treaty. If Hungary refused to accept the terms there would be a fresh blockade.

2:Paloczy-Horvath H-3 (no date)1944 EC1 Hungary EC1

The people's Hungary did not give in to such threats; the lords' Hungary did. It is true that the Hungarian Government received a covering letter signed by Millerand which stated that

> "later on, when the Boundary Commissions have begun their work, should they be of opinion that the provisions of the Treaty are unjust in character and that the remedying of this injustice is in the general interest, they will be in a position to report such opinion to the Council of the League of Nations. The Allied and Associated Powers agree that in such cases, provided a request to that effect be made by one of the interested parties, the Council of the League shall be entitled to offer its good services for the purpose of changing the original frontier by peaceful means."

This covering letter was dated May 6th 1920. On June 4th 1920 the Hungarian Delegates signed the Treaty of Trianon. Eighteen days later, on June 22nd 1920, the Council of Ambassadors gave the Boundary Commissions instructions contradictory to the promises contained in the letter, strictly forbidding those Commissions to take into consideration any racial, religious or economic interests rendering necessary even the slightest change of the frontiers fixed in the treaty.

We have already spoken about the responsibility of governments and that of peoples. We have pointed out that for the lost war and for the dismemberment of our country our lords are responsible *to us*.

But not so much to *you*.

Do not forget what your official investigators found concerning the war guilt in 1914–18.

So we must be fair, and say that when the peace conference forced the reactionary Horthy régime to sign the Trianon Peace Treaty in 1920 it committed a gross injustice.

Hungary lost 72% of her territory. Germany—who according to you bore the chief guilt—lost only 10%.

Hungary lost 64% of her inhabitants, Germany less than 10%.

Hungary lost 32% of pure Hungarians, Germany only 8% of Germans.

Rumania was given 110,000 square kilometres of Hungary and Hungary was left with 93,000 square kilometres.

G. D. H. Cole wrote in 1933:

> "Any map showing the political and ethnical divisions of post-War Europe will reveal that only on the West do the territorial frontiers of post-War Hungary coincide with the

2:Paloczy-Horvath H-3 (no date)1944 EC1 Hungary EC1

frontier drawn according to ethnical divisions. All along the north there is a long stretch of territory with a Magyar majority that has been assigned to Czechoslovakia; down most of the eastern frontier there is a similar stretch of territory assigned to Rumania; in the south large bodies of Magyars are now under Yugoslav rule, and finally in Central Transylvania . . . there are considerable enclaves of Magyar population under Rumanian rule. . . . It is inevitable that Hungary should look covetously across her restricted frontiers to the immediately contiguous territories in which Magyar populations predominate."

If you want to understand the present and see something of the future, we must make you acquainted with these facts. We have given you ample proof that we do not love our lords. *But in wanting to get back those parts of the country where nearly one-third of the total number of Magyars lived—in this we always were united.* Our lords wanted St. Stephen's Hungary. We wanted Hungarian Hungary. That was the difference.

And the Hungary of our lords went year after year to the "law-court of the democracies", the League of Nations, and presented her case, pointed to the injustice and asked for peaceful revision. But nothing happened. And when the same Rumania which had been given a far bigger territory by the Allies than that which was left for Hungary, when this well-rewarded Rumania turned against her former Allies, she wasn't considered such a "bad boy" by the Allied press as the Hungary of our lords, which went over to Hitler's side, certainly much against the will of her population.

Do not forget, please, that we are talking about the *countries of lords*. We are talking of the Hungarian nation (that is, the Hungarian ruling class) as compared with the Rumanian nation (that is, the Rumanian ruling class). We do not mean that the Rumanian people are bad or that they are responsible for the policy of their lords.

We like the Rumanians, and we know that they hate Nazi-Fascist oppression just as much as we do. But if you judge governments and *not peoples*, it seems to us unjust to think the Hungarian lords worse than the Rumanian lords, who treacherously turned against their former Allies and forced hundreds of thousands of good simple Rumanians to be slaughtered in fighting against the good simple Russians.

We do not want to say too much of the 1920–1939 period, the period of the Horthy–Bethlen régime. Hungary was "con-

culture of the villages . . . such a man was attacked as an uncultured, rough, dangerous anti-Semite and life was soon made impossible for him."

The Horthy–Bethlen régime, writes Jászi,

"incited the mob to anti-Semitism, but at the same time the Jewish bank- and profiteer capital was growing freely, and the exploitation of the workers reached a record pitch. At the same time, this 'national and Christian' Hungary was again and again ready to serve Parisian Jewish finance."

Count Bethlen, the clever Count Bethlen, stopped open and official anti-Semitism. He stopped the White Terror of his friends. He did all this *after* the Allies gave political and financial support to the Horthy régime. He said that he could stop the White Terror only if the Allies helped the White Terrorists. And so the murderers of thousands of progressive people, labour leaders and Jews, were backed by American, British and French financiers in order to "consolidate" Hungary and establish a liberal parliamentary rule.

You saw what was meant by parliamentarianism during the Horthy–Bethlen régime. But we must tell you a bit more about Bethlen. In the country where 2,242 persons had more land than 4,000,000 of us, Count Bethlen said in Parliament in 1921:

"*In this State, where private property is sacred, to ask for land reform is like asking for my pants.*"

So much for Count Bethlen's democratic sentiments. In 1943 Bethlen sent envoys to neutral capitals, saying that he represented the only anti-Nazi force in Hungary. He wanted the Allies to set him up after the war as a great democratic politician.

In 1938 he wanted to prove to Hitler what a good pro-Nazi he was. He said:

"*Though the Hungarian Government (under Count Bethlen) was free to choose, it refused to join the Little Entente, thus rendering an invaluable service to Germany and making impossible the creation of a strong bloc antagonistic to Germany.*"

Well, this nice gentleman came to power by means of foreign loans, and fell from it when they stopped. But during the eleven years of his rule he laid the solid foundations of that policy which pushed the country of our lords into the war as accomplices of Hitler.

The democratic consolidation of the Bethlen régime was a very clever piece of work.

It was not anti-Semitic. The Jews were permitted to run

2:Paloczy-Horvath H-3 (no date)1944 EC1 Hungary EC1

years, St. Stephen's Hungary, which is one of the oldest states in the world that has existed in unbroken succession. You see, *their* Hungary is an aristocrat among the countries. They despise such newly-created countries as Rumania or Yugoslavia, always forgetting that every person and every people have just as long an ancestry as any other person or people.

Our lords talk about Hungary's cultural superiority. Well, we are not elegant lords, but we do not consider bragging and self-praise good manners. It may or may not be true that there is more "culture" in Hungary than in Rumania, but if this is so it is certainly not the fault of the Rumanian people. And it would not be a reason why our lords should rule them.

But if our lords could put St. Stephen's crown on the head of any king, it would mean that equality of peoples was not accepted in the Danube basin, that people would be taught to hate and despise each other instead of living together in peace. Those nice American business men or British lords who would like to give us a king ought to know that by creating a kingdom for us they would hurt not only us but their own interests too, because after all they cannot profit from wars, revolutions and disorder. Or can they?

We have said that Count Bethlen and his friends set to work to wreck our future. They firmly took over public education, the press and the radio. They poisoned, or tried to poison, our minds against all our neighbours; they taught false history to our children. They trained the children as you train dogs to hate and despise without thinking.

They wrecked our future pretty thoroughly. While they did everything to cloud and poison the minds of the young, they directed Hungarian policy towards the present catastrophe. On two occasions—in 1921 and 1926—President Masaryk of Czechoslovakia offered Count Bethlen a revision of the Czech–Hungarian frontier, offering to return certain territories.

Bethlen and Horthy did not accept this because they—the rulers of the thousand-year-old Hungary—did not want to become members of the newly-created Little Entente of the Succession States. They wanted to have unsatisfied national claims with which to work on us. And mainly they wanted back the St. Stephen frontiers with all their foreign populations. You see, the "white count's burden" again.

At this time our lords were still anti-German because there was a democratic régime in Germany. They turned pro-German in 1933, when Hitler made Germany safe for the Junkers, and pro-Austrian in 1934, when the Catholic-Fascists destroyed Austrian democracy.

3:Kemeny G-5 (1945-48)1952 EC1 Hungary EC1

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CHAPTER III

INDUSTRIALIZATION AND ECONOMIC NATIONALISM AS RULING IDEAS

THE fundamental conception of the Three-year Plan of 1947 was to secure State control over the economic life of the country. It reflected a collectivist view, that the uses of the scarce resources of a shattered economy have to be co-ordinated by a central authority, so as to speed up reconstruction for the benefit of the community. The Plan was drawn up on the assumption that the investments required by it must be financed from domestic resources. The possibility of Hungary's participation in Marshall aid had already been blocked by Russia's decision when the Plan started. Thus the only source from which the assistance of Western capital could have been hoped for was excluded. If substantial amounts of capital expenditure were to be extracted from an economy with an extremely low income level, measures amounting to compulsion were needed to ensure the requisite saving.

The economic basis of the Plan when put into operation was a mixed system of private and public ownership in industry.[1] Direct public control was then extended only to monopolistic industries. The Plan accordingly provided for fitting private enterprise activities into its framework. A further extension of public ownership was not implicit in the Plan. Later it was claimed that its execution required the nationalization of the whole of large-scale and medium industry and of wholesale trade, but it is a matter of opinion whether the extension of State ownership on this wide scale or in a lesser degree was essential to secure a smooth working of the Plan. The decision to incorporate those branches of the economy into the publicly-owned section did not result from any investigation of economic expediency; it was taken in the political sphere. The requirements of effective planning supplied a convenient argument in support of resolutions already taken.

Retrospectively the Plan might easily appear as a scheme for extending heavy industrial potential and thereby serving Russian interests, its achievements in any other field being concomitants only of this dominant objective. In its later stage, when investment rose much above the anticipated level, the

[1] See below, p. 22.

3:Kemeny G-5 (1945-48)195 EC1 Hungary EC1

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CHAPTER VII

THE PLAN IN FULL SWING

SPEEDING UP INVESTMENT

DURING the first Plan year a start was made which appeared favourable for the planners' claims. They could point to a considerable rise in industrial production. In spite of a bad harvest, the standard of living of the workers improved, while at the same time investments on a large scale were carried out. In some places the picture was obscure. There was the ominous lack of effective price control, and, in the background, the disparity between incomes and the supply of consumer goods. There were shortcomings in exports, and finally there was unevenness of fulfilment in production and investment. Yet, in overall figures the programme of industrial production was fulfilled, and even slightly surpassed, if statistics involving an evaluation of a wide range of manufactured articles could be regarded as precise indicators. This seems to have been a surprise to the planners themselves, for, in reviewing the results, the responsible official of the Politbureau divulged that, owing to deficient information on production levels at the time when the Plan was prepared, output had exceeded expectations from the beginning.

It might have appeared tempting to enlarge the programme as soon as the possibility of better achievements became manifest. And soon there were more definite grounds for speeding up the execution of the Plan. One of these was a 50 per cent reduction of reparations due for the period following July 1948. This concession was made by the Soviet Government after the decisive political changes in the course of the spring of 1948, in particular the destruction of the Social-Democratic Party and the nationalization of manufacturing industry. The reduction was calculated to save budget expenditure exceeding 600 million forint a year; it was assumed that this amount could be diverted to investment. Though later on these hopes turned out to be unfounded, the prospect of saving on reparation account was used as an argument in favour of stepping up the capital programme. In fact, more than the amount of the reduction was required for the increase in defence expenditure, for the Plan, after its successful start, was more closely linked with military preparedness.

3:Kemeny G-5 (1945-48)1952 EC1 Hungary EC1

433 439 official Hungarian declarations would then probably again intervene. The resulting dependence tends to become the more ominous the more competitive the market for heavy-industry products grows. The expansion of an industry so situated might end in disaster.

439 [48] This veering of trade relations to the East is, in fact, a corollary of the change in the economic structure as well as in political ties. To contribute to the supply of capital goods in the Soviet Union is a task imposed upon Hungary as well as on the other countries bordering on the Soviet Union in the West. The concerted efforts of a group of industrialized countries with a population exceeding 60 million (if Rumania is included) should be of consequence even to an economy of the vast proportions of the Soviet Union.

In principle the new economic structure should improve Hungary's international economic position. The former one-sided dependence on the marketing of agrarian products, in particular of grain, has diminished. Present trends indicate that the relative importance, though not the volume, of farm products will decrease step by step. Under the conditions now prevailing Hungary is able to offer in exchange for imported raw materials and equipment both industrial and agricultural products. A moderately industrialized community is definitely in a favourable position if it is able to rely on its own food supplies. To what extent Hungary will be able to exploit her new position in foreign trade will in general be decided by the question of relative costs, and, in particular, by the terms of trade with Russia.

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665 whomsoever they could. Violent anti-Semites and pro-Nazis, many with criminal records, were, as Hal Lehrman reported at the time, signed on the dotted line. Espionage and denunciation agencies were established. Nevertheless the anti-Communist population stood its ground well, though it was left unsteady by the sudden disappearance of the Regency, frightened by the brute impact of crimes against person and property by Russian soldiers, and cowed by shootings and arrests. It waited to see whether the Western Powers would give any indication that steps to protect Hungarian freedom would be taken.

•648 175 Certainly the nation deserved a far better fate than would soon be meted out to it. To be sure, Admiral Horthy, who for years had waited like a cat for the mouse of opportunity to recovery Hungary's "lost territories," had welcomed the opportunity to do business with Hitler on this issue. Thereby he demonstrated anew the folly of Central European nationalism, which gobbled down small successes in the worst style of old-time autocratic dynastic imperialism, only to prepare itself for its own hour on the block. But on the other hand the Hungarian Prime Minister Count Teleki, alone among the European statesmen doomed to stand in Hitler's way, found the perfect symbol of opposition. He fought as long as he could against the alliance with Hitler and entry into the war. Then he took his life in protest. Cardinal Serédi,

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665 from 1940 to 1945; Zoltán Vas, Chairman of the Planning Bureau and one of Rákosi's most intimate associates, who served during the war as a colonel in the Red Army with responsibility for indoctrinating prisoners; Erno Gerö, Chairman of the People's Economic Council, who had gone to Moscow at the close of the Spanish Civil War; Karoly Kiss, Minister for External Affairs, captured by the Russians, who gave him further training in Party matters; Mihály Farkas, Minister for Defense, who had worked with the Communist underground in Czechoslovakia; and József Révai, Minister for Public Education, secretary to Kun in 1919, who had gone to Moscow prior to the outbreak of war between Stalin and Hitler.

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when he went to pay his respects at the bier of one who in the eyes of the Catholic Church had sinned grievously by committing suicide, provided one of the most dramatic moments in the history of opposition to Nazism. The Hungarian Army did what it was ordered to do. It fought with valor on the Eastern front and suffered heavy losses. We should not fail to respect its bravery and its sacrifices. One of the erroneous assumptions in recent historical writing is that good soldiers should pause on the eve of battle to decide by caucus whether what they are about to do is above reproach from every moral point of view. That is surely the proper business of the government that orders them to take the field.

During the period of Nazi domination, the Catholic Church fought with energy and charity to mitigate the persecution of the Jews. Numerous tributes have been paid to it for that reason. Cardinal Serédi stated the position of the Papacy on this question with eloquent courage. He was followed in office by Joseph, Cardinal Mindszenty, destined to become one whom the world would look upon as a martyr. The Church saved thousands of Jews from deportation to concentration camps, frequently hiding them in the rooms of convents and monasteries or spiriting them across the border, so that a substantial Hungarian Jewish minority survived. The pro-Nazi Party, known as Arrow and Cross, was shunned by every faithful Christian. In like manner the Church had assisted Polish soldiers who had been forced to flee after the defeat of the armies in which they served.*

When in 1944 the defeat of Hitler was foreshadowed by

* I shall not forget the Polish officer to whom, one fall afternoon in 1945, I gave a lift. As we drove from the outskirts of Naples to Rome, past the ruins of Monte Cassino, he told about the cemetery on the battle-scarred heights above the town, in which rest 1,200 soldiers of the Polish brigade who died in the attack. He was doomed not to return to his homeland. Gratefully he recalled the hospitality which had been accorded to him in a Hungarian convent.

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Communists staged a mammoth parade through the streets of Budapest, demanding the Cardinal's head. The priests of the "National Church" marched in the procession. 733 659

There followed the discovery of a series of alleged conspiracies against the government and the Red Army, each attributed to the instigation of the Cardinal. Both he and his fellow churchmen were kept busy issuing denials. The major import of the charges was that Catholic schools under the tutelage of the religious orders were responsible for the widespread sabotage of the regime. Among the discoverers of plots were divers alumni of such schools who for a variety of reasons, primarily no doubt financial, found it expedient to collaborate with the Communists, even as some of them had previously fished in Nazi waters. On May 20, 1946, Cardinal Mindszenty issued a Pastoral Letter in defense of Catholic and, more generally, of religious education. It was a very frank message, which contained such patently challenging statements as this: "There are some who like to describe the Church as a 'hotbed of reaction.' But those who consider everything Catholic reactionary ought really to look for reaction in places where all liberty is suppressed."

In order to account adequately for the complete candor of such remarks, one must bear in mind that the peace treaty with Hungary was not signed until 1947. It was therefore still possible to hope that the Western Powers would maintain their missions in the country and take steps to insure a modicum of freedom. Unfortunately they would not do so. Meanwhile the Cardinal, who was always a Hungarian patriot, had appealed to the ranking Catholic prelates of the United States and Great Britain for assistance in preventing the expulsion of Hungarian minorities from Czechoslovakia. These unfortunate people were driven out under conditions comparable to those which had attended the casting out of the Sudeten 793 [648]

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ferred at the official rate. For these derelictions the Cardinal accepted full responsibility and offered to make restitution, though he personally could have had nothing to do with them. At best they would have merited a small fine levied against the Archiepiscopal treasury. The second charge, and no doubt the most important, was that prior to the signing of the treaty of peace the Cardinal had endeavored to win the support of the Western Powers. This he was clearly entitled to do, in the legal sense; and morally he was under the obligation to make every effort to maintain civil and religious rights as he understood them. It was true that he had clung desperately to his belief that the United States would not permit the Russians to acquire unilateral rule over Hungary—a hope he shared with millions of other Hungarian citizens, and indeed with foreigners of every creed and persuasion who happened to be in Hungary at that time. In declaring that such beliefs constituted conspiracy against the State, the Prosecutor argued and the Court upheld the view that desiring anything short of complete Russian control was incompatible with the Constitutional provision that full liberty of opinion, speech, and assembly was assured.

One special charge was that the Cardinal had indirectly approached American authorities handling restitution claims in order to urge that the Crown of St. Stephen be sent to the Vatican to be held in trust there. Here he was daring but still prudent. Undoubtedly he had very good reason to fear that the Crown, most illustrious symbol of Hungary's past, would be shipped to Russia as soon as it was returned to Budapest. His maneuver was certainly not complimentary to the Communists; but they were bound by the Occupation Statute and later by the treaty of peace, which went into effect on September 15, 1947. The Cardinal's correspondence concerning the Crown antedates the treaty. Yet even this obliges the Hungarian government to respect Article 2, which reads:

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1. Hungary shall take all measures necessary to secure to all persons 648 563
under Hungarian jurisdiction, without distinction as to race, sex, language, or religion, the enjoyment of human rights and of the fundamental freedoms, including freedom of expression, of press and publication, of religious worship, of political opinion, and of public meeting.

2. Hungary further undertakes that the laws in force in Hungary shall not, either in their content or in their application, discriminate or entail any discrimination between persons of Hungarian nationality on the ground of their race, sex, language, or religion, whether in reference to their persons, property, business, professional or financial interests, status, political or civil rights, or any other matter.

Never has a peace treaty contained fairer pledges. Unfortunately there exists no sanction against their violation save a rebuke before the forum of the United Nations. Such a rebuke was of course administered.

The charge which laid the Cardinal most seriously open 793 695 687
to criticism was that as a Monarchist he had conspired to bring about a Restoration, had conferred with the Pretender to the Throne, and had relied upon American intervention to achieve his aims. The testimony on these matters presented at the trial and outlined in the *Black Book* is confused; nor did the Cardinal receive an opportunity to comment on the accusations in any adequate or sustained way. He admitted that he was a Legitimist, that he had hoped the Regency would be succeeded by a Monarchy, and that at the request of Otto of Habsburg he had conferred with him while visiting the United States during 1947. These things did not constitute conspiracy against the State, and would indeed be permissible within the framework of a relatively democratic society. Whether reestablishing the Monarchy was in any sense practicable, whether it was the form of government best suited to Hungary, and whether the population of the country would

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posts had given him many opportunities to develop foreign contacts, secret and public. According to the Soviet story, Tito and his diplomats, knowing all that Rajk's own colleagues did not know about his past, entered into relations with him. They were able to do so without awakening Hungarian suspicions because, as the indictment put it, they "vilely exploited" the friendship felt by all Hungarians for the workers of Jugoslavia.

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So far the story would not have caused much of a sensation outside of Hungary. Another spy, another scapegoat, another execution. But the action was destined to occupy a larger stage. After the defeat of the Nazis in Jugoslavia, it seems, the American intelligence enlisted a large number of the former Gestapo agents remaining in the country, as well as Jugoslav "agents-provocateurs and Trotskyites." They worked so well together that in a short time "Tito's immediate entourage consisted mainly of these spies," who "systematically ousted from the government" the honest and loyal Partisans who had fought in the war. Tito, it seems, had secretly gone over to the Americans as early as 1944. At any rate, in December of that year the American intelligence was able to recruit a band of "Hungarian Trotskyite émigrés" in Switzerland, get them provided with false Jugoslav papers and send them in an American army plane to Belgrade. From there (after receiving further instructions from the Jugoslav secret police) they were landed by the same plane in Hungary, "in the rear of the Soviet Army." Safely at home, they destroyed their Jugoslav papers, infiltrated into government posts and set to work as spies for Jugoslavia and the United States. In the summer of 1945 Tito and his Western bosses were ready to move into higher echelons. They took on Rajk as their chief agent and also engaged the Chief-of-Staff of the Hungarian Army, General Palffy, described in the indictment as "a Fascist officer of Horthy's army . . . who posed as a Communist." Apparently the Hungarian Communists were as innocent as the Russian Bolsheviks in picking their worst enemies to head their army and run their secret police—Palffy was the equivalent of Marshal Tukhachevsky and Rajk of OGPU chief Yagoda. Palffy went to work to help Rajk get "former Trotskyites, provocateurs and spies" into high posts. Among them were

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not merely Jugoslavs, but agents of Great Britain, the United States and France.

Lazar Brankov, the former Jugoslav diplomat who had gone over to the Cominform camp and now found himself accused of being a "double agent"—and who knows if he was not?—confessed that in the autumn of 1947, that is, before the Cominform dispute reached an acute stage, the Jugoslav Government considered the situation in Hungary ripe enough for them to proceed to overthrow the régime. Tito at about this time visited Budapest and signed the Jugoslav-Hungarian treaty of friendship which received such universal praise throughout the Communist world. The treaty was only an excuse, however. Rajk wanted to prepare the way for his *putsch* by "systematically endeavoring artificially to create popularity for Tito and diminish the great prestige enjoyed by the Soviet Union." When Tito left for home, accompanied by Rankovich, the Jugoslav Minister of the Interior, Rajk went with them as far as the frontier. Brankov, who acted as interpreter on this trip, states that Rankovich used the occasion to tell Rajk the full scope of Tito's plan: "to bring the People's Democracies into Jugoslavia's orbit, with its center at Belgrade." The action in Hungary thus was to be only the first step. Tito's instructions for carrying it out were that Rajk should "orient" himself "on the nationalist, chauvinist elements in the Army, the police and the government service, and on the petty-bourgeois forces in the cities, and especially in the countryside."

However, in the spring of 1948 the Cominform decided to act strongly against Tito. As Rajk was a member of the Politburo he naturally heard that the Cominform was aware of Tito's "treachery" and, according to the indictment, told Tito what was happening. Exact dates are not mentioned, but it will be recalled that in August, following the break between Tito and the Cominform, Rajk was "demoted" from Minister of the Interior to Minister of Foreign Affairs. Was he in fact a "nationalist" in the sense that Gomulka and others objected to arbitrary Soviet action in the Cominform? If so, there may have been others in the Party hierarchy in sympathy with his views. That would explain his being retained in the government and even placed where he would have frequent oppor-

THE TEN YEAR PLAN OF AGRICULTURE OF 1942

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The second attempt at planning was the Ten Year Plan of Agriculture. It was introduced in 1941 in the form of a bill and was put into effect in 1942. The growing pressure of the war effort interfered with its execution and it came to an untimely end in the general upheaval in 1944.

The plan was more an investment than a production plan. While it counted on an increase in output, this was not specified. As regards investments, it was not an all-out effort to provide for the most urgent capital needs of agriculture in order to attain a prescribed production and efficiency level. In fact, as in the course of the execution of the Billion Pengoe Plan of 1938, emphasis shifted in favor of manufacturing industry at the expense of agriculture. The Ten Year Plan tried to restore the balance by enabling the Ministry of Agriculture to extend its current program by increasing its budget. It also authorized financial assistance to farmers in the carrying out of improvements specified in the act.

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The plan provided for investments of 100 million pengoes per year over a period of ten years, giving a total of 1 billion. The annual installments were to be provided within the framework of the budget and were to be covered by ordinary revenue. But the government was authorized to mobilize funds by means of Treasury guarantees of credits, should the budgetary means be insufficient.

To appraise the sum of 100 million pengoes per annum, it must be remembered that, as a result of the territorial changes of 1939-1941, the territory of the country was 84 percent greater, the population 58 percent greater, and, due to the character of the recovered territories, the relative importance of agriculture also increased. The increase of the national income was smaller than that of territory or population.[1] Also there had been a

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1. The territorial changes brought about in the period 1939-41, which substantially affected the economy of Hungary, were the following:

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November 1938, under the first Vienna Award, the southern strip of Czechoslovakia was reincorporated into Hungary—12,100 sq. km., population 1.1 million.

March-April 1939, the occupation of Ruthenia, or Podkarpatska Russ, reincorporated 12,200 sq. km., population 0.7 million.

August 1940, under the second Vienna Award, the northern part of

marked increase in prices since 1938. Reduced to the prewar territory and in 1938 pengoes, annual investments would have been of the order of 30-40 million pengoes, giving a total of 300-400 million pengoes.

The act did not provide special machinery to carry out the plan. An overhaul and reorganization of the agricultural administration was proposed, a measure which in any case was overdue, but the act did not go into details. One innovation, specifically mentioned, was the appointment of agricultural officers to all the larger villages and to groups of smaller ones to control the execution of decrees of an agricultural-technical character and to give advice on agricultural matters to the local councils and the farmers. Hitherto the organization of the agricultural administration was curiously deficient, as it had officers only in larger territorial units which were too large for efficient control.

The other innovation was the setting up of the National Council of Agriculture, an advisory body, appointed by the Minister of Agriculture. Otherwise, the role of the Chamber of Agriculture did not change and the special interest groups of farmers were to continue to exercise their functions.

The powers of the minister were greatly increased. The minister could compel producers of special lines to set up organizations to represent their interests. To regulate supply and improve distribution, the minister was also authorized to set up organizations combining producers, processers and distributors to regulate production and prices with binding force for all concerned; he was also authorized to give monopolistic rights to cooperative societies or state organizations for the purchase, distribution and export of specified agricultural products.

Increases in production were to be brought about by investments, by temporary tax rebates to farmers making permanent improvements, and by greatly increasing the power of the Minister of Agriculture to compel farmers to adopt more efficient methods.

Investments included increasing the number and improving

Transylvania was reincorporated—43,500 sq. km., population 2.6 million.

April 1941, the occupation of part of Voivodina added 11,500 sq. km., population 1.0 million.

In 1941, Hungary had a territory of 172,200 sq. km., with a population of 14.7 million, against 93,100 sq. km. and 9.3 million in the Trianon territory.

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CHAPTER VI

INTERNATIONAL RELATIONS, 1919–1944

Many Hungarians are eager to express admiration and even affection for Great Britain. They copy many of our ways and they like to think that their institutions, their outlook on life and their interests resemble ours. These feelings are quite genuine; and yet, in spite of them, Hungary has now been involved in war with the British twice in a generation, at the side of their bitter enemy. What is the reason for this?

THE GERMAN HUNGARIANS. First, although these are the feelings of most of the population, they are not those of them all. There is, as has been said, a fairly strong German element in Hungary. If those who still enter themselves as German-speaking are less than 10 % of the population, and they mostly peasants, there are perhaps almost as many Hungarians again whose ancestors were German and who, especially in the last ten years or so, have come to feel more German than Hungarian. Many of Hitler's doctrines, and most of all, undoubtedly his anti-Semitism, has made a natural appeal to this class. Unfortunately while the German-speaking peasants are without much influence, these sons or grandsons of peasants, who left the farms and secured a position in the national life, are very influential indeed.

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563 186 Many have climbed to the top in politics, in the government offices, in the Church, and above all, in the army, which, so long as Hungary belonged to the Austro-Hungarian Empire (in which the army was a central service under the direct command of the King-Emperor) was a career which Magyars tended to avoid as 'un-national'. In recent years the influence of the high army officers has been important, and Hungary's policy has been very strongly influenced by the fact that so many of them were of German blood.

• 648 186 **FEAR OF THE SLAVS AND OF BOLSHEVISM.** The people of German origin are not, of course, the only pro-Germans in Hungary. Many others, especially in the middle classes, have been infected by the same ideas, particularly by the anti-Semitism, and by admiration of the German army and belief, spread by clever German propaganda, in its invincibility. To this has been added, both in 1914 and above all, since Hitler attacked Russia in 1941, the Russian factor. The Magyars, in their lonely position encompassed north and south by Slavs, and with the huge Slav masses of Russia just across their frontiers, have always been terrified of the Slav danger.

648 642 Moreover, in 1918 and 1919 there occurred events which have left a deep mark on all subsequent Hungarian history. When the war was drawing to a close and the imminent defeat of the Central Powers was apparent, the old regime gave way and was replaced by a new government of the Left, friendly to the Entente, under Count M. Károlyi. This government proclaimed the separa-

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tion of Hungary from Austria and subsequently proclaimed Hungary a Republic. Károlyi attempted to carry through social and democratic reforms, but the situation was too much for him. Rumanians, Czechs and Serbs were pushing into the areas claimed by them, economic distress was extreme and radical agitation grew. Eventually, in March 1919, Károlyi was supplanted by a Communist Government, in which the ruling spirit was Béla Kún, who also failed either to rally the country behind him or to stop the advancing armies of Hungary's neighbours. In the summer of 1919, Rumanian troops actually occupied Budapest—leaving behind them, when at last they were induced to retire, many bitter memories.

A 'White' Government had meanwhile been organizing outside the reach of the 'Red' regime. Their representatives now entered Hungary and established themselves as the legal Government. Before conditions had settled down they had carried through against their predecessors a 'White terror', which has never been forgiven them.

The men of this regime were by their own confession, and indeed, by their own boast, essentially 'counter-revolutionaries'. They ascribed to 'Bolshevism' every imaginable horror, and thus looked on Russia, as the seat of the Third International, with a double fear and loathing. Thus Hitler's denunciations of Bolshevism found a ready hearing among the ruling classes in Hungary, and they carried their country into war in 1941 cheerfully enough, under the impression that the victorious German army was not only going to destroy the Slav danger, but also to 'exterminate Bolshevism'

668 Nor were the traditional ruling classes the only
648 blind 'anti-Bolsheviks' in the country. The Arrow
Cross, who seized power in October 1944 precisely because the Regent had agreed to seek terms in Moscow, were fanatic in their hatred of Bolshevism; and yet this movement, although not representative of the proletariat, was largely drawn from it.

563 THE LEGACY OF THE TURKISH OCCUPATION. The anti-
648 Bolshevik element is quite modern, and applies
668 only to the present generation. The other question,
186 that of the 'Slav menace' is part of the larger problem which really settled which side Hungary would take, both in this war and in the last. Indeed, the whole position probably dates back to the blood-letting of the Turkish wars, from which, as has been shown, Hungary emerged with only the centre of her territory Magyar and with Slavs and Rumanians in the majority in the north, south and east. Distasteful and oppressive as the subsequent Habsburg rule was to Hungary, most Hungarians recognized that only Habsburg protection could save them from the Turks, and in more modern times, from other dangers: Russia, and the claims of Serbia and Rumania. In the last half-century before 1918, while this situation still existed, a new factor was introduced by the aspirations of the Slavs inside Austria itself. A federalization of Austria, as the Austrian Slavs desired it, might have kept the Monarchy intact but would inevitably have led sooner or later, to Hungary loosing her own Slav districts. Thus the Hungarian leaders found themselves bound not only to Austria, but to the centralist German element

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in Austria, as the only racial element in that country which did not threaten Hungary's territorial integrity; for the Germans of Austria did not interest themselves particularly in Hungary's German population.

THE BOND WITH AUSTRIA AND ITS CONSEQUENCES. Although, therefore, in 1914 the leaders of Hungary genuinely did not want the war, self-preservation prohibited them from leaving Austria and Germany in the lurch, even if they had been able to determine their own foreign policy, which was not the case. Thus in 1918 they were inevitably left, with the Germans of Austria, as the defeated enemy, while the other nations of the Monarchy gained their independence at the hands of the Allies, forming, largely at the expense of Hungary, the new States of Yugoslavia and Czechoslovakia, and the greatly enlarged State of Rumania.

It is true that Austria also received some German-inhabited districts in West Hungary, the Burgenland, but although Hungary bitterly resented Austria's action in claiming these districts, as treachery to her old partner, they were insignificant compared to what was lost to the other States. Moreover, there were only a few thousand Magyars in the Burgenland, while Rumania, Czechoslovakia and Yugoslavia each received, not only the districts in which Slavs or Rumanians, as the case might be, were in the majority, but also considerable districts inhabited by Magyars. Some of these, as parts of Transylvania, could not be left with Hungary without leaving a larger number of non-Magyars in that country. Other districts lay right

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on the frontiers, but were taken from Hungary, in spite of their populations, for economic or strategic reasons. In this way Rumania got, in round figures and according to the Hungarian census of 1910,[1] 1,700,000 Magyars, together with 2,800,000 Rumanians and 750,000 other nationalities; Czechoslovakia 1,050,000 Magyars, with 1,690,000 Slovaks, 420,000 Ruthenes and 325,000 others; and Yugoslavia (excluding Croatia, the cession of which Hungary recognized) 470,000 Magyars with 605,000 Serbs, Croats and other Yugoslavs, and 450,000 others.

THE POLICY OF REVISION. From the day on which the Hungarian delegates signed the Treaty of Trianon, the whole of Hungarian foreign policy could be summed up in the single word 'revision'—revision of the Treaty which had inflicted these losses on the Kingdom. Many Hungarians, of course, understood by 'revision' the complete restoration of 'historic Hungary'. They had been brought up in an intense pride in their ancient state, with its 'millenary frontiers' and in a firm belief that no other order was right, natural or even, in the long run, possible in the Danube basin. They had been taught to believe that the 'disloyalty' of the non-Magyars was simply the work of a few agitators, fomented from outside—from Rumania, Serbia or the anti-Hungarian forces in Austria. They believed that the peoples them-

[1] The census subsequently taken by all Successor States were, indeed, much less favourable to the Magyar element, but still showed large numbers of Magyars in each of these three States.

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selves were attached to Hungary and readily accepted the rule in it of the Magyar or Magyarized oligarchy and that they had no real cause of complaint. Others admitted that the non-Magyars had had much to complain of, and had become disaffected, but put the blame solely on the unwise and intolerant policy of the governments of the past half century and thought that a different policy would have ensured the loyalty of the 'nationalists'.

This belief in the justification of historic Hungary and demand for 'integral revision' was most freely expressed by those Magyars whose homes had been in the non-Magyar districts now lost to Hungary. These included many Magyar landowners, whose estates had been situated among non-Magyar peasants, among whom they were divided up by the new governments. This gave the latter the excuse of representing the whole revisionist movement as the work of a few landowners anxious to save or to recover their estates. This was a misrepresentation: for the landowners, although they would have preferred to save their estates, would still have wished to remain in Hungary on any terms, and many other persons besides them believed in 'integral revision'. But it is true that the whole question was made more difficult by the widespread Hungarian belief that the whole structure of the Danube basin ought to be centralized in Budapest and run on a uniform system which could, under the circumstances, be only a Magyar national one; that only a State, Magyar in form, could deal with its problems. From this it was only a step to the attitude that the Magyars

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themselves were the natural superiors of their neighbours, a *Herrenvolk* acknowledging no equals except, indeed, the Germans.

This *Herrenvolk* attitude, which was so bitterly and so justly resented by Hungary's neighbours, represented, of course, the outlook of the ruling class, whose domination, in its social and political aspects, pressed just as heavily on the Magyar peasants and workers as on the non-Magyars. But it does not account for the whole of the Hungarian 'revisionism'. The poor man in Hungary cared nothing for the estates of the Transylvanian magnates, and did not challenge the right of the 'nationalities' to freedom. But even he felt the Treaty to be unjust, and agreed with his government at least in the wish for a 'lesser revision' which would restore to Hungary the Magyar populations now left just outside the frontiers.

THE REVISIONIST PURPOSE OF THE GERMAN ALLIANCE. Hungary ended by joining Germany again in the present war because Germany, like her a loser in the last war, also wished to upset the system which the victors had set up after it, and was thus the only power both willing and, perhaps, strong enough to help her to her 'revision'. Thus the Hungarian position and actions in the present war have been the direct outcome of the last. Indeed, the two are so closely interconnected that it is really hardly fair to speak of Hungary as following the same course 'twice in a generation'; the whole is really only one story.

Many Hungarians felt deep misgivings about the course which they ended by adopting. The pro-

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German element was, indeed, constantly urging the closest possible friendship with Germany. They not only argued that no other country would help Hungary, but even if she could have chosen her helpers, they would have preferred Germany to be the choice, both as Hungary's 'natural ally' against the Slavs, and, after Hitler came into power, as the embodiment of counter-revolution, anti-Bolshevism and anti-Semitism. They ridiculed the idea that any force in the world would be able to stand up to the mighty German army.

Men who thought along these lines were very influential in Hungary, especially in the army, and were strongly represented in successive governments. General Gömbös, who was Hungarian Prime Minister in the early thirties, was one of them, and did much to lay the foundations of the later close co-operation between Hungary and Germany.

POSITION OF THE MODERATES. But not all Hungarians liked Hitler's ideas. There were, and are, many who hoped to see Hungary develop along more modern and more democratic lines. Then there was the old, widespread dislike of the Germans, inherited from the old revolts against the Austrian Emperors. There was a deep fear that if the Germans did win, their victory would not benefit the Hungarians, who would be enslaved just like all the other smaller peoples of Europe. Finally, a few of the more travelled and far-seeing Hungarian politicians knew something of the resources of the Western Powers and were not convinced that the German army was, after all, invincible.

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The Hungarians who thought this way were still unwilling to ally themselves with the Little Entente, on the terms of giving up revision. But they looked for allies not to Germany, but to the two other nearby countries in something of the same position as themselves, Italy and Poland, and they always hoped that, if revision came, they could get the Western Powers to participate in arranging it or at any rate to approve it. The leader of this school of thought was Count Paul Teleki, who became Prime Minister for the second time in 1939 (he had held the same position for a short time in 1921).

MUNICH: ASCENDANCY OF THE PRO-GERMANS. No Hungarian Government, however, was prepared actually to refuse restoration of the Magyar areas if offered it, even by Germany, and things developed in a way which at first seemed to give the all-out-for-Germany party very much the best of the argument. Throughout the years after the war, when Germany was still weak, both Hungary's neighbours and the Western Powers supported the *status quo* in its entirety. In 1927 Hungary concluded a Treaty with Italy, and Mussolini publicly took up the Hungarian cause. But it soon appeared that Italy would never be able to give Hungary much more than words; and she moved over presently to the 'Axis'. Poland was even less of a help. Thus it appeared that after all, Hungary would never get anything unless Germany moved, and even then, she might not benefit unless she took care to be on good terms with Germany. In fact, when the first real chance came—at Munich in

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1938—the Hungarian Government of the day nearly missed the boat altogether, for having been too independent toward Germany in the preceding months. Hurriedly they tried to make amends and ended by getting awarded to them the southern strip of Slovakia and Ruthenia at the expense of Czechoslovakia; but now they had to take it at the hands of Germany and Italy, with the Western Powers disapproving.

So things went on. The Hungarians occupied Ruthenia in March 1939, and represented what they did as a move against Germany; but in Britain it was regarded as another stab in the back of Czechoslovakia. Then came the invasion of Poland by Germany with Britain and France coming in to help Poland. At first the Hungarian Government tried to keep out, and were able to do so since Italy was following the same course. They even went so far as to bury their quarrel with Yugoslavia. But they were unwilling to do the same with Rumania, to whom Hungary had lost much more, both in area and population by the Treaty of Trianon. And Rumania had recently received a guarantee from Britain.

THE VIENNA AWARD. Thus when the chance of revision here came, in the summer of 1940—this time through Russia's action—Hungary again had to take it from the Axis, if at all. The result was the Second Vienna Award, of 30th August 1940, which gave Hungary Northern Transylvania.

The population in Transylvania is particularly mixed, and it is practically impossible to draw a line which does not favour one side or the other.

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By this time the Rumanians had rejected the British guarantee of assistance to defend their independence and both Rumanians and Hungarians were competing for Germany's favour. The Hungarian Government got the better bargain of the two but at the price of further subservience to Germany. They had to sign the Three Power Pact, which allied them formally with the Axis. At the same time Teleki carried his policy of reconciliation with Yugoslavia further, and the two countries signed a Pact of Eternal Friendship. But this action, the first genuine renunciation of revisionist claims which any Hungarian Government had made since the Trianon, proved in the end the most fatal of all.

COUNT TELEKI'S SUICIDE AND ITS SIGNIFICANCE. For both Italy and Germany had now dropped the idea of keeping South-Eastern Europe out of the war. Italy had invaded Greece; Hitler was making his plans for attacking Russia and wanted the Balkans under his control. For this purpose he began sending troops into Rumania and Bulgaria. The Hungarian Government allowed these troops to pass through Hungary, and although this was a glaring breach of neutrality, the British Government did not call Hungary openly to account for it. But Hitler then made the same demand of Yugoslavia. The Yugoslav Government in Power—that with which Hungary had signed her Part of Friendship—agreed; but there was a revolt. A new Yugoslav Government came into Power, rejected the Germans' demands and prepared to fight, if necessary.

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Hitler now prepared to invade Yugoslavia through Hungary, and called upon the Government in Budapest to give him facilities. Rewards were certainly promised for obedience, penalties for refusal. On 3 April 1941, when the German demands came before the Hungarian Government, the Prime Minister, Paul Teleki, although a devout Catholic, took his own life rather than commit so dishonourable an act; but the Regent did not follow his example and found a successor Bárdossy, to cover the shameful policy. Hungary not only let the German troops attack from her territory, but herself joined in the attack, being rewarded with part, although not all, of what she had lost to Yugoslavia through the Trianon Treaty (the Bačka, Baranya and two small areas in the west; the Yugoslav Banat was left to Serbia).

THE RUSSIAN 'CRUSADE'. In consequence of this, Britain broke off diplomatic relations with Hungary. Under Bárdossy's leadership, the Government was now completely subservient to Germany, and the final consequence of this was seen in June of the same year, when Hitler attacked Russia. Hungary had probably intended to remain neutral, but again pressure was brought to bear, again the Government's hand was forced, and again Bárdossy followed the suicidal policy to which he was committed, and Hungary embarked on the most fatal of all her adventures. In December, the British Empire and the U.S.A. declared war on Hungary. Although Hungary was now hopelessly committed to Germany and although the idea of a 'crusade against Bolshevism'

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had a certain appeal for the 'men of the counter-revolution' who still ruled the country, the war became unpopular enough as soon as it became clear that it was not to be a walk-over for the Germans and a trivial price for Hungary to pay for what she had previously received at Germany's hands. The German disaster at Stalingrad shook the Hungarians profoundly, and not long after it the forces which they themselves had reluctantly put in the field suffered a crushing defeat at Voronezh, where a great part of the Hungarian armies in the field and nearly all their heavy equipment were lost. A new Prime Minister, Kállay, tried painfully to find his way, at least part of the way, back. The bulk of the troops in Russia were recalled, the talk of a victorious crusade dropped. Towards Russia Hungary now protested that she was acting purely in self-defence and had not designs on a mile of territory; towards the Western Powers she claimed that she had no quarrel with them, and she tried by every means to convince them of the justice of her cause.

FALSE HOPES RAISED BY ITALIAN SURRENDER. If British and American troops had reached the frontiers of Hungary in 1943, the country would probably not have resisted, and a government might well have been found which would have turned, as Badoglio's Government in Italy turned, against Germany. It is no secret that the Left—the Socialists, Smallholders and others—to whom Kállay allowed a great deal of freedom, wished this course to be taken as soon as the debacle in Italy occurred. But the Western Allies remained

9: Eppstein S-4 (no date) 1945 EC1 Hungary EC1

fighting a difficult campaign in Southern Italy, and the half-hoped-for British landing in the Balkans did not occur. Soviet Russia was a different proposition in the eyes of the Government; and even Russia was still far from the frontiers of Hungary. The only Power on her doorstep was Germany. Meanwhile in the country the pro-German party redoubled its propaganda to show how terrible would be the results for Hungary of an Allied victory: Russo-Soviet influence over all Central Europe, Czech hegemony in it, a new and worse Trianon. Kállay could not make up his mind to do more than hesitate, and at last even his hesitation grew too much for the Germans. In March 1944, there was another crisis; more threats to the Regent, who yielded again. German troops marched into the country, Kállay took shelter in the Turkish Legation, a new and much more pro-German Government took office and once again, as after Teleki's suicide, the end of the period of double-dealing was proclaimed.

NAZI DOMINATION AND THE SHADOW OF DEFEAT. Of course, it was not the end. The new men had their way for a time. The leaders of the Left were interned, the Labour movement brought under new Fascist control, the Press disciplined. Above all, a violent persecution set in of the Jews, to whom the earlier governments, even Bárdossy's, had allowed a degree of freedom and protection unparalleled in German-controlled Europe. In a few short, dreadful weeks the Nazi's Hungarian henchmen inflicted fearful sufferings on the Jews, undoing all the good which their predecessors had

9: Eppstein S-4 (no date) 1945 EC1 Hungary EC1

done for Hungary by their relative decency. But soon, once again, as so many times before, Hungary was repenting at leisure what she had in haste committed, or allowed to be committed against her. Soon she was back in her old position of longing for a way out but not daring to take a decisive step.

The longer the Hungarians hesitated, the worse the position grew. Our declaration of war on Hungary had already placed that country in the position of an enemy versus a friend, as regards the frontiers with Czechoslovakia and Yugoslavia. Only with Rumania had the position been any better for Hungary, for although the British had not recognized the Vienna Award, Rumania had been an enemy to Britain equally with Hungary. But on 23 August 1944, Rumania at last accepted terms offered to her from Moscow some time previously, and these included recognition of the injustice of the Vienna Award. Now even Rumania was with the Allies; Hungary was left almost alone, surrounded by enemies and facing inevitable defeat.

CAUGHT IN THE TOILS. In this situation, the Regent's obstinate fear of Bolshevism at last yielded to the persuasion of more far-sighted advisers, and on 15 October 1944, Hungary was startled by a sudden, unheralded proclamation in which the Regent announced that he had asked the Allies for an armistice and had issued orders to the Army to cease hostilities. There was wild rejoicing among much of the war-weary people; but it was soon checked. The Germans, through their agents, had been precisely informed of what was afoot.

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They occupied Budapest with German and pro-German Hungarian troops, seized the Regent and, after issuing in his name a recantation of his proclamation and a deed of abdication, carried him off to Germany in 'protective custody'. Under their armed patronage the 'Arrow Cross', a band of fanatical extremists, seized power. They were headed by an ex-officer of Armenian descent named Szálasi, who proclaimed himself 'Leader of the Nation' and issued the order to fight to the last. Although the Arrow Cross comprised only a small minority of the people, it was able, with German help, to suppress resistance in the capital and in West Hungary; the fight went on, while behind the line, the Germans hurriedly stripped the country bare. Corn, cattle, the contents of stores, warehouses and shops, machinery, even workers, where they could be induced to move, were hurriedly transported to Germany.

Meanwhile, the Russians advanced swiftly. Soon they were at the gates of Budapest and by Christmas had encircled it. A frightful battle now took place. The Germans, whose only care was to gain time for the construction of new defences in the Reich itself, defended Budapest street by street, house by house. They were helped by raw, fanatical levies of the Arrow Cross, some of the men desperate refugees, and a few factory workers, affected by the very Radical character of the Government's propaganda, and a few units of the Hungarian Army. Meanwhile, the wretched population, swollen by refugees to nearly 2,000,000, starving and deprived of light, heat and even water, lurked in cellars waiting for the end. When at last

9: Eppstein S-4 (no date) 1945 EC1 Hungary EC1

the capital was cleared of its defenders, what had been the pride of generations of Hungarians, was a mere smoking heap of ruins. Of all the capitals of the belligerents, on either side, not one, except only Warsaw, has suffered so dreadfully as Budapest.

THE PROVISIONAL GOVERNMENT. But the last act of this tragedy was not altogether without hope. Even while Budapest was undergoing its death-agony, news came from Debreczen—the historic city of Eastern Hungary in which Kossuth had proclaimed the separation of Hungary from Austria in 1849—that a new Provisional National Assembly, elected by local Resistance Councils and the liberated towns and villages, had met and had appointed a Provisional Government. The most prominent figures in it were high serving officers, two of whom had crossed over to the Russians in obedience to the Regent's proclamation of 15 October 1944, while the third had headed the armistice delegation to which the proclamation referred. The other members of the Government were drawn chiefly from the democratic and pro-Allied parties, which under the recent regime had been working underground, preparing for such a day as this. There were Smallholders, Social Democrats, Communists and some progressive non-Party men, including the son of Paul Teleki, who had committed suicide in 1941 in the hope of saving his country.[1]

[1] The reported composition of the Government, which certainly seemed representative enough, was as follows: *Prime Minister*, Gen. Bela Miklós de Dálnok (a Transylvanian Szekler not hitherto known in politics); *Under-*

9: Eppstein S-4 (no date) 1945 EC1 Hungary EC1

The Government announced a programme of democratic and social reform, the restoration of the old liberties suppressed by the previous tyrannies, the repeal of anti-Jewish laws and the introduction of a radical land reform and of other urgent social measures.

At the same time, they accepted the consequences of defeat. War was declared on Germany. A new delegation went to Moscow and received from the Allies armistice terms which pledged Hungary to renunciation of whatever temporary gains of territory she had made at the expense of the United Nations, and to reparation for the losses which her policy had inflicted on them. A new army was to help Hungary to 'work her way home' by joining in the common fight against the remaining enemy.

CONCLUSION

The Provisional Hungarian Government promised to make a new start. It broke with Germany and with the policy of aggression. It promised to seek a peaceful and friendly relationship with the

Sec. of State, Rev. Istvan Balogh•; *Foreign Affairs*, János Gyöngyössy• (Smallholders' Party); *Interior*, Francis Erdei (National Peasants' Party); *Justice*, Agoston Valentini (Social Democrat); *Finance*, I. Vásaly (Smallholder); *War*, General János Vörös• (former Chief of Staff; commanded troops in Russia); *Supply*, Gen. Gabriel Faragó; *Industry*, Dr Takats (Social Democrat); *Trade*, Dr Joseph Gabór (Communist); *Social Services*, Dr Erik Molnár (Social Democrat); *Education*, Count Géza Teleki (Conservative); *Agriculture*, Imre Nagy (Communist).

• The three members of the second Armistice Delegation to Moscow.

9: Eppstein S-4 (no date) 1945 EC1 Hungary EC1

U.S.S.R. and with the other United Nations, and with Hungary's neighbours. Its Premier, General Miklós, denounced the German influences which led Hungary into so many fatal adventures, and his colleagues promised social reforms which, if they could be carried through, would alter radically the whole structure of the country and make possible for it a new life. If the land of Hungary were fairly distributed among its people, so as to create a peasant class such as exists elsewhere in South-Eastern Europe; if the workers could become strong, free and independent; if political institutions could be made free and democratic, then it would no longer be possible to look on Hungary as a foreign body in Europe ruled by a caste whose mentality, social and political outlooks and ambitions disturbed the peace of South-Eastern Europe and proved a formidable obstacle to its solidarity.

The new Government was formed under Soviet auspices and welcomed by Moscow and in other quarters. But Hungary's troubles are, of course, not yet over. She has many very heavy trials ahead of her, both political and economic.

Right up to the summer of 1944, both the country and the people of Hungary had suffered, physically, less than most European states. The Hungarian Army had done comparatively little fighting and its losses had been correspondingly small. It had suffered one great disaster, at Voronezh, but after that Kállay had insisted on limiting further Hungarian military operations in Russia to the minimum. Budapest was hardly bombed before the spring of 1944, when the Allies

THE OIL INDUSTRY IN THE HUNGARIAN ECONOMY

727 433 [434] only 186 were working at over 70 percent of prewar capacity, while 1,109, or over 25 percent, were completely out of operation. It is estimated that even in 1946/47 the national income was only 65 percent that of 1938 and less than 50 percent that of 1943, the peak war year. The Hungarian economy as a whole, and especially the industrial sector, heavily concentrated in Budapest, was among those most seriously damaged in Europe.

[458] The Soviet occupation, heavy reparations payments, general political uncertainty, and a runaway inflation in 1946 made the task of reconstruction even more difficult.

728 471 648 According to the Potsdam agreement all Axis property, even that which had been forcibly taken over by the Germans during the war was handed over to the Soviet Union. Subsequently, new Soviet-Hungarian companies began to mushroom in manufacturing as well as in transportation, and it was at this time that the Hungarian-Soviet Oil Company, Maszovol, was organized.

727 315 [471] While the Zala fields had escaped major war damage they suffered by the wasteful practices engaged in under pressure from German and later Soviet military authorities (see Table VII).[1] After prolonged negotiations the MAORT properties (all areas west of the Danube) were returned to the American owners in 1946.

727 178 471 A land reform and the nationalization of industries "with monopolistic character" such as steel and coal were swiftly carried out after the war.

[565] Land reform, nationalization without compensation, and the inflation of 1946 largely destroyed the propertied classes, and in the chaotic conditions a downward leveling also affected the skilled workers.

[642] 727 185 [665] By mid-1947 the communists within the coalition government had virtually eliminated any possibility for non-communist government plans, and for all practical economic purposes the communists were in control. Dictated by the realities of the prevailing postwar conditions, certain

[1] [Cf. page 88, category 116 -- Analyst]

RECENT DEVELOPMENTS

315 sistent rumors of the presence of Romanian oil experts both at the oil fields at Lispe and at Nagykanizsa; a recent eyewitness account describes the arrest of six Romanian oil experts at Lispe in December 1952 and the closing of the "Romanian Office" at Nagykanizsa in January 1953.

625 687 The internal security measures taken at the different nationalized units of the oil industry became increasingly severe. Confidential reports invariably refer to the heavy secret police supervision of personnel; to armed guards at the wells and along the pipelines; and to arrests, demotions, and deportations for mechanical and other failures.

The proximity of Yugoslavia and Austria to the Transdanubian oil area creates further problems for the communist authorities, necessitating the employment of additional heavy military guards, the screening of all workers for reliability, and an elaborate pass system. There have been border incidents; and the fact that a large part of their oil has to be extracted under the guns of Tito's militia seems to make the Budapest government particularly unhappy.[2 4/A]

•648 471 315 Some recent and as yet unconfirmed reports state that the Hungarian government entered into a barter agreement with Soviet authorities according to which the formerly MAORT concession (the areas west of the Danube) and the National Transdanubian Oil Company (also formerly MAORT) were merged into Maszovol. As its part of the bargain the Soviet Union returned sixty-nine former German enterprises to the Hungarian government. This "generous" act of the Soviet Union was reported by Budapest newspapers as having taken place on 30 September 1952, but no mention was made of the oil deal.

If this information proves to be true, the entire Hungarian oil industry is now directly controlled in theory as well as in practice by a Soviet oil combinat in Moscow.

315 A discovery reported at Surd, south of Nagykanizsa, on the Inke structure, has been referred to above. There

2/A [Cf. cat. 116, p. 73 for source -- Analyst]

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[471] increased in the MAORT fields until it reached its peak in 1943-44. All this became clear as day during the memorable MAORT sabotage trial.

The American capitalist monopoly continued its anti-people policies in the Hungarian oil fields even after the liberation. It directed production in a manner that gave the least possible oil to popular-democratic Hungary. However, finally we uncovered and brought to justice the male-factors of MAORT, and the State took over the direction of our oil production.

After the nationalization we were still confronted with serious difficulties. Because the robber-economy of the Americans made such demands on the technical equipment the installations were in a rundown condition when we took over. Our difficulties were further increased by the fact that the American imperialists tenaciously tried to maintain their position by leaving their agents in countless sectors of oil production and even in the top leadership of the industry. Under the direction of the party and with the effective cooperation of the workers we unmasked the hostile elements one after the other. Crude production was also handicapped for a long time by the lack of equipment and materials and by the fact that Hungarian experts had no experience in the socialist management of the oil industry.

●[648] During the past year, 1951, the oil industry came to a turning point. Here too <u>it was the Soviet Union that gave us help</u>.

At the invitation of our party and our government Soviet experts with great specialized knowledge and a wealth of experience came to our homeland. Their advice led to magnificent results.

The first task was to start oil exploration, without which there can be no expansion of the industry. This was necessary because the damage-doers in American pay had completely stopped exploration.

APPENDIX

315 [135]

During the last year the method of exploration was basically changed. With the application of Soviet experience up-to-date seismic (artificial earthquake) exploration was carried out in Hungary for the first time. New treasures of the Hungarian earth were found in many places previously believed to be unimportant. The decline of the old fields, which were so mercilessly "robbed" by American capitalists, was offset primarily by the production of these new areas.

With the introduction of modern methods we were able to stop the alarmingly rapid decline in the production of oil wells. "Secondary" production method were started. These consist of increasing the water or gas pressure in the oil-bearing strata, which then drives the oil to the surface. The American capitalists did not care if this pressure diminished and thereby less oil became available to our people's economy. The socialist oil drilling, however, has already progressed far in eliminating this grave capitalist "inheritance." The help of the Soviet Union had countless aspects. We imported many drilling installations from the Soviet Union and drawing on Soviet experience we began manufacturing our own drilling equipment. We applied Soviet-style fast-drilling and we electrified our oil fields. Our oil experts advanced their knowledge; many of them undertook trips to the Soviet Union and to the people's democracies and had the opportunity to learn a lot from the oil experts of these friendly countries. [648]

It is due to these achievements that—although at the beginning of 1951 our oil production fell seriously behind the targets set in the plan—production greatly increased during the last month of the year and finally the industry as a whole, expressed in the value of the product, fulfilled its plan to 99.8 percent.

What Comrade Gerő [Ernő Gerő at that time Premier Deputy in Charge of Economic Affairs and now Deputy Premier and Minister of Interior] said at the National Production Activa can also be applied to the petroleum industry: "Our results could have been a great deal better if some of our production leaders had not succumbed

planned social policy of bolder conception and projecting into the future could be instituted.

Social progress was obstructed also by other difficulties. The Government of Hungary consistently endeavoured to raise the living standards of the people. Several circumstances, beyond the control of political leadership, occasionally thwarted such efforts. When the period marked by the aforementioned economic boycott came to an end, several waves of depression swept over Europe, and by these Hungary was always seriously affected.

The liquidation of the post-war inflation was done under the financial supervision of the League of Nations, which meant that we did not enjoy full financial sovereignty. The same thing took place a second time after 1931 when the Central European economic and financial credit crisis occasioned new control. In spite of the exceptionally adverse conditions Hungary did not halt on her way to social advancement, but from the beginning the interests of social welfare constituted the key-note of her efforts to harmonize her economic and political life. In the enactment of all laws in the economic and financial sphere, social problems were given foremost consideration at all times during the past twenty years.

The march of social advancement was retarded at intervals by the world-wide depression, and therefore social conditions in Hungary could not progress all along the line as rapidly as was desired by the Government. Nevertheless the achievements have been great. In several respects, as we shall see, the social reforms were far in advance of those undertaken by larger and more wealthy nations, while again they can be considered as trail-blazers in some of their implications.

1/ [cf., category 116, p. 8 --- Analyst]

When we give a short account of the record of Hungarian social policy, it must be pointed out that the same consistent social spirit prompted the passing of new laws, reforms and other regulations, and the establishment of new institutions. It was through no fault of the Government that the development was not continuous, and temporary interruptions impeded its progress. These were caused by the above-mentioned political and social events. In the beginning, when the Hungarian state had to be reorganized out of almost nothing, the execution of the Government's plans was hindered by poverty, stagnation of production and by inflation. In spite of all these obstacles the Government put through the Land Reform Bill of 1920. After consolidating the affairs of the state, the second stage of social progress arrived, which lasted until 1931. During this period the rate of progress was significant. This stage was marked by rapid economic growth and industrialization. Hungary was then able to eliminate most of the differences which existed between her social legislation and that of the more advanced European nations. The third stage of development could be entered upon only after the second international control of our finances came to an end in 1938. This stage was one of innovations.

It was a salient feature of Hungarian social policy that it was always co-ordinated with the actual productive capacity of the country. Laws which could not be carried out were never enacted. The social policy of the state avoided bringing the country to the brink of bankruptcy, as for instance was the case in Czecho-Slovakia, where there was no harmony between the social and economic programme of the country. At the time of that Republic's dissolution, the consequence of this lack of harmony was

15: Kárpáti G-3 (no date) 1943 EC1 Hungary EC1

Limitation of night work.

In 1923 a law (Act XV) regulated labour conditions in the baking industry. The working day was limited to 8 or 10 hours, night work was prohibited and rest periods were ordered. Since then the 10-hour working day provisions of the law have been superseded. In the same year the proper ministry was empowered by Act XVI to forbid night work by administrative orders in industries where it was not absolutely necessary. Under this law night work was prohibited in the meat industry.

Protection of women and minors.

Act V of 1928 fully covered the whole field of the employment of children, women and minors. The law prescribes in minute detail the conditions under which different branches of industry may employ the above categories of labour, sets the minimum working age, forbids night work and work which endangers their health and morals, overtaxes their strength or retards the growth of minors. Furthermore the statute protects the health of women labourers before and after child-birth and orders factories to instal suitable social welfare conveniences. One of the provisions of this law makes the employment of minors subject to medical examination testifying to their physical fitness, another prohibits the employment of youths under sixteen in mines.

International agreements.

In the same year Hungary implemented several draft conventions of the International Labour Conference, some of which dealt with furnishing data on labour exchanges, protection of the interests of minors, etc. All the con-

ventions adopted were put into effect immediately. The majority of the recommedations of the International Labour Office were acted upon in Hungary, and only those were not implemented which were not relevant to Hungarian conditions, or those which had already been enacted, in some instances in a more sweeping form.

Protection of labour interests.

The intention of these administrative measures was to protect the workers againt insecurity and occupational risks. In the meantime effective steps were taken to further the material well-being of the workers, although more vigorous measures to achieve this end could only be instituted after the depression and when the state regained full control of its finances. The year 1935 was a definite turning-point in this respect ; from then on the provision of social security for workers became one of the paramount concerns of public policy in Hungary. In this stage of the social security programme, labour legislation dealt with the following : general reduction of working hours, minimum wages, paid holidays for workers, child educational allowances, family allowances for workers, obligation of the employers to report large scale lay-offs, in certain labour categories regulation of the amount of notice and of the quittance-money to be paid to discharged workers.

In 1935 an order in council empowered the proper minister to reduce the working day to eight hours and the working week to 48 hours in those branches of industry where this was still necessary. The hours of work and minimum wages were again regulated by Act XXI of 1937 which extends the limitation of working hours to other occupations besides industry and trade. The limitation

16:Hungary (no date) 1949 EC1 Hungary EC1

The armed forces of the great Soviet Uunion liberated our country from the yoke of the German fascists, crushed the power of the great landowners and capitalists who were ever hostile to the people, and opened the road of democratic progress to our working people. Having acceded to power in hard struggles fought against the masters and defenders of the old order, the Hungarian working class, in alliance with the working peasantry and with the generous assistance of the Soviet Union, rebuilt our war-ravaged country. Led by the experiences of the socialist revolution of 1919 and supported by the Soviet Union, our people began to lay down the foundations of socialism and now our country is advancing towards socialism along the road of a people's democracy. The already realized achievements of this struggle and this constructive work, the fundamental changes effected in the economic and social structure of our country, are embodied in the Constitution of the Hungarian People's Republic, which also indicates the direction of our further advance.

SECTION ONE

The Hungarian People's Republic

Article 1.

Hungary is a People's Republic.

Article 2.

1) The Hungarian People's Republic is a state of workers and working peasants.

2) In the Hungarian People's Republic all power belongs to the working people. The workers of town and country exercise their power through their elected representatives who are responsible and accountable to the people.

20: Gyorgy S-4 (no date)1947 ECl Hungary ECl

broadminded government the varied and checkered cycle of Hungarian constitutional development seemed to have entered a new phase. In the brief span of twenty-eight years this country has passively witnessed five basically different phases of political evolution; from monarchy to republic (1918-1919), from a liberal republican form to violent Communism (1919), then to varying forms of personal dictatorship (1920-1944), and finally a sudden return to at least a temporarily republican type of government (1944-1946). The interregnum between the two rather tentative and superficial experiments in republicanism and democracy brought nothing to Hungary but military defeats, political immorality and a thoroughly bankrupt economy.

The exercise of royal power actually ceased on November 13, 1918 when King Charles IV of the Hapsburg dynasty resigned. In the ensuing constitutional and political vacuum a republican regime was formed under the leadership of Count Michael Karolyi, a well-known Hungarian liberal. This short lived republican government voluntarily yielded within a few months to a ruthless and extreme Communist dictatorship under Moscow-trained Béla Kun.

After the collapse of this disastrous revolution[3] Nicholas Horthy, a former admiral of the Austro-Hungarian navy, succeeded in establishing a reactionary and semi-parliamentarian system of government. Although Horthy's regime excelled at the beginning in the misuse of constitutional formalities, certain attempts at internal political normalization were accomplished under the ten year tenure of Prime Minister Count Stephen Bethlen. On the other hand Bethlen's immediate successors, particularly General Julius Gömbös, inescapably brought about a regression to Hungary's antiquated, pre-World War I system of political and social feudalism. Reaping the full harvest of Hungary's revisionist aspirations, these regimes also helped to pave the way toward a thorough-going German orientation of the country, toward an uninhibited economic and political cooperation with National Socialist Germany, and a close military alliance with other members of the European Axis. The reactionary, Axis-allied regency of Horthy collapsed in the autumn of 1944 when following his sudden request of an armistice with the Red Army, the admiral reigned and was forced by the Gestapo to leave the country.

3 According to Oscar Jászi's brilliant description, Béla Kun's "Communistic revolution followed a pure Russian world-revolutionary model, with chaotic experiments in socialization, dreams of the *sovkhozes*, and occasional hysterical outbursts of terrorism. It was short-lived, but it made a deep impression on Hungary's conservative soul." "The Choices in Hungary," *Foreign Affairs*, April, 1946, p. 456.

20: Gyorgy S-4 (no date)1947 EC1 Hungary EC1

665 The new coalition of the Left has several aggressive champions. Vice Prime Minister Arpád Szakasits, a fairly experienced and flexible politician who seems to dominate his less astute colleagues in the Social Democratic Party, forcefully outlined the changed objectives and attitudes of the extreme Left. "As a Party we have clearly decided to participate in reconstruction, break up feudalism, pave the way for nationalization, rebuild the civil administration of the state and wage merciless war against reaction—in any form . . . The trend of our foreign policy is deeply influenced not only by our geographical proximity but by the obvious recognition that the Soviet Union is the defender of world peace and the friend of all free peoples. In domestic politics we shall follow a similar course; if there is a change, it will be in a positive direction. Our alliance and cooperation with the Communist Party will be drawn even tighter than it has been in the past."[17]

665 Even Mátyas Rákosi, official leader of the Communist Party, could 648 not have expressed the objectives and aspirations of his group any better than Szakasits. Rákosi's own political arguments would be far less convincing without the continued occupation of Soviet troops and military officials. The hard core of the Hungarian Communist Party is a group of about eighty trained leaders who wield almost all actual political power and direct the daily conduct of the nation's affairs. Most of them have managed to retain their original Soviet citizenship; all of the influential members of the Party have spent several years in Moscow, partly because the Horthy government never tolerated their presence in Hungary, partly to complete the process of political indoctrination and education for eventual leadership.

665 Rákosi spent most of the inter-war period either in the Soviet Union or in Hungary's jails which were unusually receptive to Communist leaders on almost any echelon of authority. His first major political role was participation in Béla Kun's ill-fated revolution of 1918-1919. In 1920 he quietly emigrated to Russia, returning to Hungary in 1925 as leader of the illegal Communist Party. He was arrested soon after his return and condemned to eight years in prison. Having completed his first prison term, another suit was filed against him on charges of "uninterrupted revolutionary activities"; this time (January 1937) he was condemned to life imprisonment. Under increasing Soviet pressure the

17 This significant address was given at a plenary session of the Social Democrats' National Party Congress in Budapest, and reported in detail in *Népszava*, Feb. 12, 1947, pp. 2-3.

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Hungarian government finally released him, and in 1940 exchanged him for several Hungarian agents held in the prisons of Soviet Russia.[18] Rákosi again returned to Hungary in January 1945, as official leader and Secretary General of the Hungarian Communist Party. Since November 1945 he has been a member of the Government as one of the three Vice Prime Ministers.

For the past two years Rákosi has been the guiding power and top policy maker of the Communist Party. Until the recent conspiracy and crisis in domestic politics, his attitude appeared to be one of conciliation and of professed belief in the coalition government. If statements of Communist leaders can be taken at their face value, Rákosi's group was apparently not intent on establishing a sweeping or exclusive political control of the country's domestic life—at least not during an initial period of post-war reconstruction fraught with its own particular brand of difficulties. Even as late as June 1946, Rákosi emphatically declared that his Party did not aim at dictatorship but at "effective collaboration in a concentration of national forces."[19] This statement implied the tactical decision of a continuing participation in a three-party coalition. The Communists thus refrained for a while from an open split of political life into a crippling tug-of-war between government and opposition; the primary objectives of Hungary's reconstruction (land reform, currency stabilization, gradual nationalization) were for the greater part achieved in this period of inter-party truce conceived in an atmosphere of ideological moderation.

By the winter of 1946 the blueprint of Communist party tactics revealed a drastic change in political attitudes. A second phase of *Gleichschaltung* activities was launched coincident with the slow withdrawal of the Red Army occupational troops, the signing of satellite peace treaties and with a slight increase in political interest and economic pressure from the West. The ultimate purpose of this phase was clear to all

18 This item of political information is not generally known, for Rákosi's exchange was the result of secret negotiations between the two governments. Official biographies touch rather lightly on this transitional period in Rákosi's life. Cf. a recent press-release of the Hungarian Information Service, published by the Hungarian Legation in Washington, D. C., which simply states that "In 1940, due to the Soviet Union's intervention, Rákosi was freed. Then he emigrated to the Soviet Union." *Hungarian Press Release*, No. 7, June 10, 1946.

19 Cf. *Magyar Nemzet*, issues of June, 1946. These comments were widely quoted and discussed in the Hungarian press, which faithfully records every Communist utterance, regardless of its political significance.

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665 At this stage of developments Western public opinion began to
●648 show interest in Hungary's first major post-war crisis, symbolic of the
661 deepening rift between East and West. Secretary of State Marshall transmitted several strong American protests to the Soviet Union over its recent actions in Hungary. The notes encompassed the full scope of the country's serious internal crisis as they protested the Soviet "attempt to nullify the electoral mandate given by the Hungarian people," criticized the Red Army for arresting Kovács, expressed the U. S. Government's "feeling of concern", and finally requested a thorough Soviet-American investigation of the situation. Although there were no direct replies from the Hungarian Government, Lieutenant General V. P. Sviridov, Soviet chairman of the A.C.C. for Hungary, rejected the notes and categorically stated that the Smallholders Party, its leaders and party members admitted that the party had been involved in the conspiracy. "The conspiracy itself is being investigated by a People's Court provided for by the Hungarian Constitution."[24]

665 These internal purges were obviously intended to destroy the
661 ideologically balanced elements of post-war Hungarian politics. A ruthless liquidation of the Smallholders Party and its parliamentary majority contributed not only to a closer cooperation of the parties of the Left, but actually opened the way for a Communist-dominated bloc such as now rules Poland, Rumania and Bulgaria. While the discovery of a right wing plot was of decisive value to the Communist Party, the coalition government which has survived several previous crises was in effect permanently crippled by it, and the influence of the Smallholders was considerably reduced by forcing them from one capitulation to another.

Press and Propaganda

204 Closely following the pattern of internal political developments, the trend of Hungarian newspaper writing has shifted considerably in the past few months. Today the Communist and Social Democratic press dominates the scene, displacing both in volume and political intensity the more moderate type of journalism characteristic of the immediate post-liberation period. The full impact of the *putsch* is

24 Cf. John MacCormac, "Russia Rejects U. S. Hungary Note," *The New York Times*, Mar. 9, 1947. Although officially suppressed, the American note of protest gained wide publicity and circulation in Budapest. The American Government's information service distributed over 10,000 copies of the Hungarian translation of this note in an effort to influence future party strategies and to bolster up the morale of the Smallholders Party.

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The Communist newspapers[28] reflect similar thought patterns, more forcibly expressed and more generously documented. The single monthly periodical, *Társadalmi Szemle* (*Social Survey*), presents a violent version of party-line views and opinions under its bannerhead *The Scientific Periodical of the Hungarian Communist Party.* A recent article by its editor, Béla Fogarasi, serves as an appropriate illustration of the narrow mentality of Hungary's Communists. Commenting on Churchill's Fulton, Missouri, speech, the author states that "To prove that there is no democracy in Southeastern Europe, Churchill cites the inordinate growth of Communist parties. Danubian peoples, however, reason differently from Mr. Churchill. They are fully aware that *there can be no democracy without Communist parties,* . . . their self-confidence is also considerably increased by Marshal Stalin, who has frequently stated that they could freely rely on the sympathy and assistance of a real world power, the Soviet Union."[29]

In spite of recent revolutionary developments a few politically moderate periodicals seem to have survived. As the leftist bloc gains in strength and cohesion the number of these survivors will in all probability sharply decrease. Their present position is as precarious as the political destinies of the coalition government itself. Of these products of semi-liberal journalism *Magyar Nemzet* and *Haladás* are the most representative and reliable. *Magyar Nemzet* excells in its foreign news coverage and thus supplies valuable information on political developments in the rest of Danubian Europe. Its attitude toward the West is friendly, its opinions on international organization constructive.[30] *Haladás* (*Progress*) is the weekly paper of a political non-entity, the Hungarian Radical Party, which nevertheless appears to camouflage a determined and intellectually effective group of professional people who have found a forceful and critical spokesman in the person of the

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28 Best known among these are *Szabad Nép* (Free People) and *Szabadság* (Freedom), both of them daily papers, and *Szabad Föld* (Free Land), a weekly for "the Agricultural Class of Hungary."

29 Cf. Béla Fogarasi, "A dunai népek együttmüködése (The Cooperation of Danubian Peoples)," *Társadalmi Szemle*, May, 1946, pp. 354 *et seq.*

30 In December, 1946 *Magyar Nemzet* reported in detail on two important conferences. One of these was the meeting of the Social Democratic Parties of Central Europe in Prague, with representatives of the Socialist Parties of Hungary, Czechoslovakia, Austria, Poland, Bulgaria and Rumania. The strong Hungarian delegation was led by Anna Kéthly. The other meeting of international significance was the All-Slav Congress of Belgrade, held in order "to promote Slavic unity and brotherhood." According to this report, the Congress was primarily a meeting of the cultural representatives of the Slavic peoples and did not aim at the establishment of an all-Eastern European Slavic bloc. *Magyar Nemzet*, Dec. 8 and 9, 1946, p. 1.

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editor, Béla Zsolt. From all indications, Zsolt's articles carry a great deal of weight in influencing the public opinion of Budapest. The Smallholders' weekly publication, *Reggel*, manages to supply a detailed and interesting coverage of domestic developments, both economic and political. Such measures of internal reconstruction as the application of a nation-wide martial law and death penalties to black marketeers and smugglers are conscientiously discussed and appraised in *Reggel*.[31]

Few foreign language publications have penetrated the intellectual "iron curtain" around Hungary; Western political and literary materials cannot be disseminated. Soviet authorities officially protested in the fall of 1946 against the publication and distribution of the U. S. State Department Bulletin containing primarily official documents. The American Legation in Budapest, backed up by the State Department, has nevertheless continued to distribute the Bulletin on a mailing list basis. About 500 English language and 500 Hungarian copies are regularly sent to newspapers, and to a few carefully selected government officials.

Propaganda matters are handled by the Ministry of Public Information whose official objectives involve the "information and *influencing* of Hungarian public opinion." Democracy has to be accepted, states an official bulletin of Public Information, even by those who were misled by the destructive propaganda of the past few years and have thus far proved incapable of adapting themselves to Hungary's present-day democracy.[32] These broad and aggressive objectives were gradually implemented by such officials as the present Minister of Information, József Bognár, theoretically a Smallholder, in reality of the extreme Left. According to recent newspaper reports, his Ministry has organized hundreds of political and cultural indoctrination courses, given both in Budapest and in provincial communities under the personal supervision of Bognár. The courses deal with "timely political and social questions, including such problems as participation of the peasant class in a democracy and the successful methods of national planning."[33] Propaganda and press are closely interwoven in present

31 This drastic executive order was put into effect in December, 1946. Judges are in permanent sessions to deal with such cases without delay. In addition to Budapest tribunals, twenty-two provincial courts are handling "crimes" connected with black-market operations. Penalties range for a minimum of ten years' imprisonment to death sentences. Cf. *Reggel*, Dec. 2, 1946, p. 5.

32 Quoted in *Világ*, Nov. 23, 1946, p. 2.

33 Cf. *Magyar Nemzet*, Nov. 22, 1946, p. 3. The report indicates that there are over one hundred students in each course, the period of instruction covering about two weeks.

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728 Reparations today include nearly all of the country's capital goods
648 production, and through the device of "joint economic collaboration" agreements Soviet control has penetrated all major phases of the economic structure. Particularly farreaching are the agreements in oil and bauxite production, in Danube shipping and in civil aviation. Capital and management are as tightly controlled as if these economic activities had been actually nationalized by the government.[45] Soviet occupational authorities also acquired majority holdings in banks, insurance companies, mining corporations and in most of the remaining non-socialized factories.

Summary

727 Hungary today is in the twilight zone of liberated states; her domestic politics are a mirror-like reflection of the fundamental tensions among the world powers. The post-war era has undoubtedly seen hopes for a real moral and economic transformation of the country spurred on by a series of significant, if temporary, liberal reform moves. Fair national elections resulting in a decisive Communist defeat and in an acceptable coalition government based on the Smallholders, a national party neither ultra-conservative nor revoluntionary,[46] a thorough land reform, a reasonably free press, a stabilized currency, and a moderately successful process of industrial nationalization were promising landmarks at the beginning of the road toward reconstruction.

727 Yet the forces responsible for these significant results were *swiftly*
669 *destroyed by the rising influence of the Communist Party which brought internal disruption and social crisis.* The triumphs of liberation were obscured by an oppressive and prolonged military occupation, and the coalition government gave way to Communist domination which reduced all other parties to silent and non-active partners. The land reform generated conflicts between Church and State as well as between the ex-gentry whose estates were expropriated and new peasant-landholders who now had property but no equipment. The newly won freedom of the press gradually disappeared as the political balance of power shifted and one party emerged as the final arbiter. The swift

45 Elaborate executive decrees were issued to give adequate legal basis to these joint agreements and to earmark the use of most industrial production for reparations. The first four decrees were issued in July, 1946 and consist of the statutes of the Hungarian-Soviet Shipping Company, the Masovol Hungarian-Soviet Crude Oil Company, the Hungarian-Soviet Bauxite-Aluminum Company and the Danubian Alumina Industry.

46 There was a considerable counter-revolutionary vote in the conservative victory of November, 1945, observes Oscar Jászi, but "it should not be forgotten that the Smallholders Party is not reactionary, nor even conservative, it is a progressive party in favor of social and cultural reforms." "The Choices in Hungary," *Foreign Affairs*, April, 1946, p. 462.

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nationalization of major industries led to similar social conflicts, resulting in the elimination of a former managerial class and in a tight system of production discipline.

Soviet propaganda also contributed its share to the tenseness of the political atmosphere. The Russians effectively destroyed a great deal of the original good will which the workers, peasants and intelligentsia felt for them after liberation. Today the Russians still consider themselves the "generous liberators" and are unable to understand the Hungarian people's ingratitude. After an initial period of incubation these tensions suddenly exploded in the dramatic *putsch* incident. The discovery of this reactionary plot, the widespread arrests of prominent Smallholders, the final undermining of the coalition government's authority and the call for new and unilaterally supervised national elections, all appear to be closely integrated, successive stages in a drive toward the establishment of a one-party dictatorship. In the dogmatic phraseology of a Communist editor, "The Soviet Union supports and effectively aids Danubian peoples in *settling for them their disputed problems in a friendly spirit.*"[47] These settlements seem to be of a final and decisive nature; arithmetical illusions such as popular elections, normal partisan politics and the coalition-spirit do not play any role in this governmental theory.

In foreign relations the recent *putsch* helped to clarify the Hungarian picture. The country's foreign political position is determined by her peripheral location in eastern-central Europe. The United States and Great Britain are forced to admit that in this area the Soviet Union has certain minimal claims to *economic* and *strategic* security. National planning, industrial recovery and financial stabilization are strongly encouraged in order to meet the enormous reparations and bolster up the impressive one-way movement of goods to the U.S.S.R. Following a broad interpretation of security, the Soviet has also compelled these neighbor countries to accept its choice of governmental personnel and methods of national administration. Thus the entire field of domestic affairs is subordinated to the dictates of foreign interests. Hungary has travelled a long and politically arduous road in the last two years; past the brief illusions of a renascent post-war democracy she is now apparently headed toward the more permanent status of a political and economic satellite nation.

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47 Cf. Béla Fogarasi, "A dunai népek együttmükódése," *Társadalmi Szemle* (*Social Survey*), May, 1946, p. 354. (Italics mine.)

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000 tunity to consult with other satellite statesmen who might be sympathetic also.

661 665 648 Tito's expulsion from the Cominform made it necessary for the conspirators to recast their scheme of operations. Accordingly, the story runs, Rankovich met Rajk secretly in southern Hungary in October 1948 and unfolded a "brilliant new plan" through which Tito expected that he could "gradually turn the Jugoslav people against the Soviet Union and bring them into the camp of the Western imperialists." In the first phase, Tito would not criticize the Soviet Union but would continue to profess friendship for it and for its leaders. After a time, however, he would begin emphasizing that it was the Soviet Union which made it impossible for Jugoslavia to carry out the Five Year Plan and other Socialist reforms. When Jugoslav living conditions failed to rise as they ought to do under Communist rule, "the friendship of our people will turn to hatred" (Rankovich's purported words). Then Tito could secure popular approval for deserting Russia and aligning himself with the West. To complete the program, Rajk would arrange frontier incidents in which Hungary would seem to be the aggressor, and General Palffy and other "army Fascists" would carry out the "physical annihilation" of Hungary's pro-Soviet leadership, including Rakosi, Farkas and Gerö. Just in time the whole plot was discovered, said the charge, and "in the middle of May the arrests of the conspirators began."

Everybody confessed to everything. The confessions had been secured in advance, before the indictment was prepared or the trial began. Each defendant—or rather non-defendant, for none made any defense—seemed intent only on gaining credit by not merely admitting his alleged crimes but by magnifying them. Some interesting new details came out in this way. Brankov, for example, said that the plot for the West to wrest control of the Balkans from the Soviets was initiated in 1943 when the Western Allies began helping Tito, and that the instigator was Winston Churchill, assisted by various British and Americans, including Brigadier Maclean, head of the British military mission to Partisan headquarters, Allen W. Dulles, a director of OSS activities in several European resistance movements, and practically all the American and British officers

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known to have worked with the Partisans during the war. These were supposed to have succeeded in bringing around three members of the Jugoslav Politburo—Rankovich, Kardelj and Djilas—to the idea that postwar Jugoslavia should be a bourgeois capitalist state and that it should head a Balkan federation of similar states. Even Tito himself was supposed to have finally accepted the program. Indeed, he never had wanted Communism sincerely. One indication of this was that for a long time he rejected Soviet help in liberating Jugoslavia, though in the end he had been forced to ask for it.[2] His pro-Communist pose had been necessitated by the fact that of course the Jugoslav people did sincerely favor Communism. So Brankov testified. Palffy's chief contribution, beyond confirming everything that Rajk and Brankov had confessed, was the information that the date for the *putsch* in Budapest had been set definitely for May or June 1949 (incidentally the period of my visit, which would explain why Rajk was so busy).

The tale is worked out in ingenious detail, and parts of it may even be true. Rajk was known and feared in Budapest as a stern operator against class enemies, and in his dealings with foreign diplomats he was habitually cold, disagreeable and forbidding. These characteristics would not have prevented him, however, from opposing Moscow's domineering ways or sympathizing to some degree with Tito's efforts to prevent Jugoslavia from being exploited for Russia's benefit. But no operator is clever enough to participate in plots in which the principals suddenly shift sides without laying himself open to later accusations that he had played some sort of double game. To collaborate with class enemies as a matter of expediency (as Revai found quite natural) must be harrowing enough; for what is expedient today, you must be fully aware, will not be so considered forever, and when it is no longer there may be excellent reasons of expediency for making you "the goat." But what must be truly excruciating is to find that the ally with whose secret agents you have been working—as Rajk would have worked with the agents of Nazi Germany when she was Russia's ally—suddenly turns into an enemy. Almost surely you will have left some sort of incriminating evidence

[2] *Cf.* Chapter III for Pijade's description of Tito's futile appeals to "Grandfather" for help.

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in the hands of your former colleagues. Worse, you know only too well that whether this is so or not those former colleagues of yours will in any case inform against you if this will ingratiate them with your master and persuade him to put them on his payroll and send you to the hangman. Rajk could not possibly have emerged from the morass of Nazi-Communist collaboration without leaving muddy footprints to the doors of a hundred suspicious characters and providing each of them with a motive to give evidence against him, equally damaging whether true or false.

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The Jugoslavs reacted violently to the attack launched against them by the Cominform through Rajk. Their most telling argument was that the Hungarian Government was guilty of precisely the crimes which it attributed to Jugoslavia—pressure, threats, spying, border incidents—and that as it had no other means of defense it took the only possible course of accusing Jugoslavia first.

A series of government communiqués issued in Belgrade attempted to dispose of various questions of fact. For example, it was pointed out that the Jugoslav Communists whom Rajk had supposedly met in French concentration camps after the Spanish civil war were not in those camps; Bebler and Mrazovich, for example, had been seriously wounded, had been taken directly to Paris and transported from there to Jugoslavia. In reply to the charge that the Jugoslav Government plotted to overthrow the Hungarian Government, it was asked why in that case Jugoslavia had done so much to help Hungary consolidate her position economically and politically? Rakosi and the other Hungarian leaders had often come to Belgrade for help and advice, and they always had said publicly as well as privately how grateful they were for what they received. The Hungarian press had been lavish with expressions of gratitude to the Jugoslavs—that they had made such small demands on Hungary for reparations, that they had given Hungary credits without interest, that they had so loyally supported the Hungarian position at the Paris Peace Conference, oblivious of Hungary's many unjust acts toward Jugoslavia during the war. As to Rankovich's alleged meeting with Rajk in southern Hungary, it was stressed that the indictment "did not dare specify any exact date." Rankovich had been in